

JULY-AUGUST 1957

# MONTHLY REVIEW

AN INDEPENDENT SOCIALIST MAGAZINE

## THORSTEIN VEBLEN

VOL. 9

3  
AND  
4

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*Special 64-Page Double Issue*

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## NOTES FROM THE EDITORS

China is more in the news now than ever before. Mao Tse-tung makes speeches of basic theoretical and ideological importance. Anti-American riots on Formosa underline the growing urgency of settling the Chiang Kai-shek problem. American newspapers chafe ever more impatiently against Secretary Dulles' passport ban. The British break away from American restrictions on trade with China. Conservative Senators and business interests, joined by the West Coast Longshoremen, quietly organize to see that the United States is not permanently jimmied out of the China market. Some pundits are alarmed over China's growing strength; others speculate on every manifestation of economic or political trouble. What's behind it all? What are the facts about the Chinese economy? How strong is it? How fast is it developing? What are the real difficulties facing it?

Without wishing in the least to exaggerate or boast, we feel sure that *The Chinese Economy*, by Solomon Adler, soon to be published by Monthly Review Press, gives by far the most satisfactory answers to these questions yet available in any Western language. You will find the full contents on the back cover. This is a scholarly book without being dull, factual and statistical without being heavy. In the most literal sense, it gives you the background to today's headlines. By the time this issue reaches you, *The Chinese Economy* will be off the press and ready for distribution. In order to allow the English edition to appear simultaneously, however, we are scheduling the actual publication date for about the end of September. In the meantime you can acquire it for immediate delivery at the special prepublication

(continued on inside back cover)

# THORSTEIN BUNDE VEBLEN, 1857-1957

This double issue of MONTHLY REVIEW is a memorial to Thorstein Bunde Veblen who was born a hundred years ago this summer, on July 30, 1857.

Who was Veblen and why should a socialist magazine honor him?

There are those of our readers who will need no explanations. But there are others, particularly among the younger, for whom Veblen is no more than a name; and there are still others who may have forgotten who he was and what he stood for. The last decade and a half have not produced a climate favorable to the growth of his prestige and the spread of his ideas.

Veblen was not a simple man. He has been called a satirist, an iconoclast, an institutionalist, a technocrat. And there was something of all these in him, and much more. He was a strange, unique mixture defying neat description or orderly classification. And yet there was a profound consistency about Veblen: he was a rebel, a man of the Left.

Leon Ardzrooni, who was closer than anyone else to Veblen in his later years, wrote in the introduction to *Essays in Our Changing Order* that "Veblen, like all great men, wanted to be appreciated and loved but he wanted to be loved and appreciated at his own level and that was denied him."

It was denied him precisely because he was a man of the Left. The society against which he was in life-long rebellion, relying on a sure protective intuition rather than logical analysis, rejected him. The Left of his own day, showing little of either intuition or understanding, made no sustained effort to claim him. His isolation, no less than his greatness, is perfectly illustrated by a remark which Professor Oswald Veblen, Thorstein's nephew and himself a famous mathematician, is reported to have made to an acquaintance. The only man in Princeton, Professor Veblen said, who was really interested in Veblen and took the pains to read all his accessible works was Einstein.

It is time to reassess both Veblen and our attitude toward him, and the hundredth anniversary of his birth offers an appropriate occasion. But let there be no illusions: American society in 1957 is less likely than ever before to accept Veblen at his own level. The Left—and we mean not only its small American segment—should now

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be able to see the significance of this fact and, in a spirit of repentance, accord to Veblen's memory and his work the recognition which was withheld during his life. We hope that this memorial issue will contribute to this end.

Our original inclination was to have the issue consist essentially of essays on Veblen the man and various aspects of his ideas. Discussion with prospective contributors, however, convinced us that this would not be the most fruitful plan. We invited several people who knew Veblen personally to write their reminiscences of him, but none felt able to undertake the assignment. Those who call themselves Veblenites or who have made a special study of his work are for the most part not, in our judgment and for reasons which we hope will become clearer to the reader as he proceeds, the ones best qualified to make the kind of reappraisal we think needed.

For these and other reasons, we decided to try a different approach. We selected a group of experts, all of whom have written for MR in the past and all of whom we knew to be interested in Veblen, and we asked each of them to review one or more of Veblen's books. (One of us, being abroad, was unable to participate at this stage, and the other, exercising an editor's prerogative, took Veblen's two major works on American capitalism for himself.) Owing to the time consumed in preliminary discussions, we were somewhat late in issuing these invitations, but all were accepted and only one of the authors finally found it impossible to meet the prescribed deadline. The one book of Veblen which is not covered in these review-articles is *The Instinct of Workmanship* (1914), and this omission is in some degree made good by the book's partial inclusion in the reviews of Professor Morrison and Professor Davis. The books and their reviewers, listed in the alphabetical order of the reviewers' names, are as follows:

(1) *Imperial Germany and the Industrial Revolution* (1915), reviewed by Solomon Adler. Mr. Adler, formerly with the Division of Monetary Research of the United States Treasury and wartime Treasury Attaché in Chungking, is a long-time student of Veblen's works. Now living in Cambridge, England (his native country), he is the author of *The Chinese Economy* which will be published by Monthly Review Press about the end of September.

(2) *The Theory of the Leisure Class: An Economic Study of Institutions* (1899), reviewed by Paul A. Baran. Professor Baran, of the Stanford University economics department where Veblen taught for three years, is the author of *The Political Economy of Growth* published by Monthly Review Press last April.

(3) *The Vested Interests and the Common Man* (1919), *The*



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*Engineers and the Price System* (1921), and *Essays in Our Changing Order* (1934), all reviewed by Arthur K. Davis. Professor Davis, of the sociology department at the University of Vermont, wrote his PhD thesis on Veblen at Harvard but subsequently re-thought and changed many of his earlier evaluations of Veblen's ideas.

(4) *The Place of Science in Modern Civilization and Other Essays* (1919), reviewed by Philip Morrison. Professor Morrison, a theoretical physicist now living in Ithaca where Veblen did a year and a half's graduate study in economics, is MR's regular science columnist. This essay takes the place in this issue of his bi-monthly feature "The World of Science."

(5) *The Theory of Business Enterprise* (1904) and *Absentee Ownership and Business Enterprise in Recent Times: The Case of America* (1923), both reviewed by Paul M. Sweezy.

(6) *An Enquiry into The Nature of Peace and the Terms of Its Perpetuation* (1917), reviewed by William Appleman Williams. Professor Williams, of the history department of the University of Oregon, is the author of *American-Russian Relations, 1781-1947*.

(7) *The Higher Learning in America: A Memorandum on the Conduct of Universities by Business Men* (1918), reviewed by H. H. Wilson. Professor Wilson, of the government department at Princeton, is the author of *Congress, Corruption, and Compromise*.

Readers who are familiar with MR policies will hardly need to be told that these distinguished authors were given *carte blanche* to carry out their respective assignments as they saw fit. There was no attempt to work out a collective point of view, and each author is responsible only for the contents of his own article. Needless to say, too, Veblen comes in for both praise and criticism. This is as it should be. Veblen has been made the object of cults before, with bad results for everyone concerned. What is important now is that he should be seen as he was, with all his strengths and weaknesses; and we believe these essays will help readers to see him that way precisely because of their variety and diversity.

A final word before we turn to a brief review of Veblen's life. Like all significant thinkers, Veblen must be studied in the original to be appreciated at his true value. The purpose of these essays, taken collectively, is to provide a stimulus to, not a substitute for, such study.

Thorstein Veblen was born in Wisconsin and was brought up in that state and neighboring Minnesota. His parents were immigrant Norwegian farmers; his first language was Norwegian; and he spent his early years in one of the "little Norways" which dotted the upper

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Midwest in the middle decades of the 19th century.\*

Thomas Veblen, the father, seems to have been an intelligent and relatively liberal man who wanted his children to have opportunities which he himself had lacked. To this end, he made great sacrifices for their education and gave them whatever assistance lay within his power. He was also a man of ideas, and in later life Veblen gave his father credit for stimulating him to think along lines that were to find mature expression in *The Theory of the Leisure Class* and his other major works.

Veblen attended Carleton College Academy and Carleton College, both in Northfield, Minnesota, graduating from the latter in the class of 1880. One of his teachers, and the only one who seems to have cared for him and appreciated his promise, was John Bates Clark, subsequently to become famous as America's foremost neo-classical economic theorist.

After a year of teaching at a Lutheran academy, Veblen left with his brother Andrew to do graduate work at Johns Hopkins in the fall of 1881. His stay at Hopkins, however, was short and frustrating: after less than a term he moved on to New Haven, having got on poorly with Richard Ely, perhaps the outstanding "liberal" stuffed shirt of the economics profession of his day.

At Yale, Veblen was luckier. He worked with and was befriended by President Noah Porter and shifted the main center of his interest to philosophy. He also studied under the sociologist William Graham Sumner, a man of strong Spencerian views who saw in Veblen a student of genuine ability. According to Dorfman, "Veblen was intent on finding out 'why we need not believe in God' and spent two years in the task, writing his dissertation on 'Ethical Grounds of a Doctrine of Retribution.'" The thesis was accepted, and in 1884 Veblen was awarded his PhD in philosophy. The evidence of all his later work is that he did a thorough job of explaining to himself why we need not believe in God.

Veblen had excellent letters of recommendation from Clark, Porter, Sumner, and others, but his ideas were apparently not suitable in an instructor of philosophy of those days and he failed to land a job. This was Veblen's first but by no means his last taste of the American academic world's hostility to every form of nonconformity. Broke, he returned home and spent the next seven years in obscurity. In 1888 he married Ellen Rolfe, niece of the President of Carleton, and moved to Stacyville, Iowa. While not much specific information about Veblen's life and activities during these years has survived, it seems clear that they were by no means wasted. He read widely,

\* All biographical and bibliographical information is taken from Joseph Dorfman's standard biography, *Thorstein Veblen and His America* (1934).

observed the life of rural America with a shrewd eye, and developed the critical point of view which was characteristic of all his later work. Proof of this is to be found in his first published paper after returning to academic life, "Some Neglected Points in the Theory of Socialism" (1891), which is both a sharp critique of capitalist institutions and values and a clearly implied defense of socialism.

The return to academic life occurred in the winter term of 1891 when Veblen, with the assistance of his family, enrolled as a graduate student in economics at Cornell. Here once again he showed a quality which was to stand him in good stead all his life, the ability to work with and impress his true worth upon a select few of the abler scholars of orthodox persuasion. At Carleton it was Clark, at Yale, Porter and Sumner. At Cornell it was J. Lawrence Laughlin, a traditionalist in economics if ever there was one but a man of character and judgment. Laughlin secured financial assistance for Veblen, and when he was called to head the economics department at the newly founded University of Chicago in the fall of 1892 he took Veblen with him.

If the next decade and a half at Chicago was the most serene and secure period of Veblen's life—and there is every evidence that it was—the reason was largely that he enjoyed Laughlin's loyal support and protection. Veblen's activities during these years were various and fruitful. He edited *The Journal of Political Economy*, making it into one of the leading professional journals in its field. He wrote dozens of book reviews in the JPE, many of them on one aspect or another of the theory and history of socialism, a subject which was never far from Veblen's thoughts. He wrote his first two major works, *The Theory of the Leisure Class* (1899) and *The Theory of Business Enterprise* (1904). He gave a series of graduate courses which became famous and attracted into his classroom many of the ablest younger economists of the day—among whom Wesley Mitchell and H. J. Davenport were not only outstanding but were destined to play a crucial role in Veblen's later life.

By all normal academic standards, Veblen was a highly successful teacher and scholar at Chicago and should have been rewarded with the customary honors and emoluments. It was not so, however. He never attained to a rank higher than Assistant Professor, and his wife once wrote to a friend that "we lived on \$400, \$500, \$600 a year until 1903 when his salary jumped to \$1000." But by the time Veblen's salary reached this munificent figure, his days at the University of Chicago were already numbered. His wife periodically left him, and he had a considerable number of female admirers in the company of one of whom he had been observed while on a summer trip abroad. President Harper—undoubtedly the prototype of the

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"captain of erudition" so mercilessly pilloried in *The Higher Learning* a decade and a half later—had already complained that Veblen "did not advertise the University" and now let it be known that Veblen would be well advised to seek a post elsewhere. Thanks to Laughlin's influence, the parting was delayed but it was none the less inevitable.

In the spring of 1906 Harvard invited him to give a series of lectures, and Veblen said that Taussig would have liked to bring him to Cambridge but was prevented from doing so by his less open-minded colleagues.\* Later the same year, however, he accepted an Associate Professorship at Stanford: the offer it seems had its origin in a quarrel between President Jordan and the Stanford trustees, with Veblen figuring as a pawn in a complicated maneuver of the former against the latter. Veblen's rank and salary (\$3000 a year) at Stanford were higher than at Chicago, but his stay was shorter and less happy. His old marital and extra-marital troubles recurred—it was at Palo Alto that Veblen is said to have made the classic remark, "What is one to do if the woman moves in on you?"—and there was no Laughlin to protect him. In December, 1909, he was abruptly forced to resign and once again cut loose in the treacherous seas of American academic life. He applied at numerous institutions for positions, and for a time there seemed to be a chance that he would be appointed secretary of the Smithsonian Institution. According to Ardzrooni, however, the Stanford authorities continued to hound him and were instrumental in keeping him from being offered the post. Finally, his former student and loyal friend H. J. Davenport, now head of the economics department at the University of Missouri, came to the rescue by bringing him to Missouri as a lecturer. Beginning in February, 1911, Veblen found an uneasy resting place in Columbia, Missouri, for the next six years. His salary in 1913 was \$1920, in 1917, \$2400. His wife was finally persuaded to divorce him in 1912, and in 1914 he was married again, this time to a divorcee with two children. His second wife seems to have been devoted to him and to have given him the best of care, but she suf-

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\* There is every reason to believe that this was so: all of Taussig's students were aware of the high regard in which he held Veblen, though he had little understanding of the depth of Veblen's radicalism. At Harvard, there was long current a story, perhaps apocryphal, to the effect that while in Cambridge Veblen was invited to a dinner of the members of the economics department and their wives. President Lowell is supposed to have told Veblen in the course of the evening that if he came to Harvard he would have to undertake to leave faculty wives strictly alone. Veblen, so the story goes, looked carefully around the room and then assured Lowell that there was nothing to worry about.

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ferred a mental breakdown only four years after they were married and died in 1920.

The earlier years of the decade after Veblen left Chicago were, perhaps not surprisingly, a period of diminished scholarly productivity. True, he published a fairly steady flow of articles in the professional journals but no new book until *The Instinct of Workmanship* in 1914. World War I, however, spurred Veblen to a burst of literary activity which lasted into 1923. During this period of approximately nine years he produced no fewer than six books: *Imperial Germany* (1915), *The Nature of Peace* (1917), *The Higher Learning* (1918), *The Vested Interests and the Common Man* (1919), *The Engineers and the Price System* (1921), and *Absentee Ownership* (1923). Thereafter, his literary output practically ceased.

There is not much that needs to be said about Veblen's life after he left Missouri in 1917, except that it consisted of a series of frustrations and disappointments. Attempts by Mitchell and other former students to find a place for him in wartime Washington met with little success. A plan to place him on the Cornell faculty, to which Davenport had moved from Missouri, fell through in spite of the fact that some of his friends offered to pay the entire amount of his salary. He served a highly productive year on the editorial board of the *Dial* before that magazine, under financial stress, transformed itself into a literary organ. He was one of the extraordinary original faculty of the New School for Social Research in New York (Veblen was one of the so-called Big Four along with Wesley Mitchell, Charles A. Beard, and James Harvey Robinson, all of whom resigned from Columbia); but America was not in a mood to support bold new educational departures, and the New School soon changed its character. It provided Veblen with a temporary resting place from 1919 to 1923 and the largest salary he ever received (\$6000 annually, of which however all but \$1500 was contributed by a former Chicago student), but the rapid evaporation of the sanguine hopes which attended the School's founding deprived the experience of any deeper meaning.

Tired and disillusioned, Veblen stopped working in late 1923 or 1924. Supported for the most part by the generosity of his friends, he moved in 1926 to Palo Alto where he had retained a small parcel of land from his Stanford days; and there he lived, hoping or perhaps only pretending to hope that "something would turn up," until his death at the age of 72 on August 3, 1929.

How shall we "place" Veblen in relation to the growth and development of the socialist movement during the hundred years that have passed since his birth?

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To call him a Marxist, it seems to us, would be to stretch the term beyond its useful limits. There is no doubt that Marx was one of the decisive factors in shaping his intellectual development, but the differences are too obvious, too big, and too persistent to be considered of merely secondary importance. There is no space here, of course, for a discussion of these differences; suffice it to say that they concern not merely the formal apparatus of economic theory (an area which claimed little of Veblen's interest or attention) but more importantly the theory of history, using that term in the broad sense to include the sociology of knowledge and action. The area of disagreement, in other words, is both extensive and fundamental, and any attempt to minimize it can only lead to confusion.

Some Marxists, recognizing this, have gone a step further, arguing that what appear to be similarities between Veblen and Marxism are really superficial and that Veblen's true place in the history of thought is in the line of petty bourgeois reformers which includes such diverse but ideologically related figures as Proudhon, Henry George, Silvio Gesell, Alfred Rosenberg, and Major Douglas. And there is no doubt that by appropriately picking and choosing quotations from Veblen's extensive literary output, one can build up a plausible case for this view. Strong elements of racism and technocracy, a specially fervent hostility to finance capital—these and other characteristic petty bourgeois ideas and attitudes can certainly be found in Veblen, and a skillful critic can weave them together to form an all-too familiar picture.

In our judgment, however, the picture leaves out the things that are most essential to Veblen, and it is precisely these that are common to Veblen and Marxism. To list only the most important: (1) From his very first economic article in 1891 to the end of his life Veblen never ceased to lay the blame for the evils of capitalism squarely on what he came to call absentee ownership, a concept which is analytically identical with Marx's "capital." (2) Veblen not only disliked capitalism, he was also convinced that it bore within itself the seeds of its own downfall. Further, he had nothing but scorn for those who believe that it is possible to effect basic reforms in the system while retaining its institutional foundation, private property in the means of production. (3) Veblen was a consistent and uncompromising internationalist—or perhaps it would be more accurate to say *anti-nationalist*. He not only knew but never ceased to insist that whenever the capitalist system runs into trouble its invariable recourse is to "national politics," that is, patrioteering and suppression at home and militarism and imperialism abroad.

If we are right that Veblen's position on these three absolutely

crucial issues—private property, the transitoriness of the capitalist system, and nationalism—was at bottom the same as that of Marx, then surely the theory of the petty bourgeois, un- or anti-socialist character of Veblen's thought must be abandoned. And we believe that this can indeed be shown, not by exegetical exercises on Veblenian texts but by the practical attitudes which he adopted toward the great historical events of his lifetime.

The world of Veblen's youth was dominated by the imperialist expansion of the advanced capitalist nations. Veblen recognized it for what it was and never hesitated to call a spade a spade. He saw early—certainly before Lenin did—that German Social Democracy had betrayed the socialist cause by turning reformist and nationalist. His understanding of the character of World War I was as clear as any Marxist's and a good deal clearer than most. But above all, it was Veblen's attitude toward the Russian Revolution and the Bolsheviks that proved conclusively where he stood on the questions of private property, capitalism versus socialism, and nationalism versus internationalism. From the very beginning, he made no attempt to conceal his sympathy with the Russian Revolution, and throughout his impassioned postwar essays he used the term Bolshevism as synonymous with the new and higher form of society which was the hope of mankind and the nemesis of "the elder statesmen." Nor did Veblen change his mind and take it all back when the Russian Revolution ran into its time of troubles. His contempt for the backsliding official "Socialists" increased as time went on, and the last recorded evidence of his political views shows both that he never lost sight of the essential issues and that age in no way moderated his radicalism. As reported by Dorfman:

Six months before his death in 1929, Veblen said in substance to his neighbour, Mrs. R. H. Fisher: "Naturally there will be other developments right along, but just now communism offers the best course that I can see." The youth movement in China was the last revolutionary flash which deeply interested him, and he was greatly distressed over its failure.

If one had to pick out a single test by which to separate genuine from pseudo-socialists in our time, surely there can be no doubt that a person's attitude toward the Russian Revolution and the new society that emerged from it is that test. The genuine socialist knows that, whatever crimes and mistakes they may have committed, the Russian Bolsheviks for the first time boldly tackled *the* decisive problem of the twentieth century. He knows that, whatever their own successes and failures, the peoples of the Soviet Union have shown mankind the road it must take and by their heroic sacrifices have vastly eased the way for the later starters. Above all, he wants to see



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Soviet society not destroyed but humanized.

Judged by these standards, we submit, Thorstein Veblen was as genuine a socialist as the United States has yet produced. He was not a Marxist, true, but he clearly belonged to the same political camp as the Marxists and he pitched his tent far over to the left of the camping grounds.

We do not want to be misunderstood. Veblen's weaknesses were both real and serious, and the key to them, in our judgment, was his life-long intellectual isolation. We do not mean this, of course, in the superficial sense which writers like David Riesman and Lewis Feuer have given to the term in their "interpretations" of Veblen. They see Veblen as the stranger wandering alone through a society to which he was unable to adapt. It requires but little reflection to see that this pretty theory explains absolutely nothing. Lots of Veblen's fellow Norwegian-Americans started from exactly the same kind of background as he did and yet managed to adjust very nicely to the society in which they lived. Why not Veblen? The answer, of course, is that in addition to being a stranger Veblen was a rebel, and American society, for all its protestations to the contrary, has no use for rebels. The plain fact, which it requires a sociologist not to see, is that Veblen's isolation was imposed upon him because of his ideas, and not that his ideas arose out of his isolation. Nor is it any answer to point out that from a fairly early date he was usually surrounded by a clique of admirers. Offering him adulation rather than understanding or stimulation, these cliques served rather to intensify his isolation; and as the individuals grew older and escaped one by one into respectability they were careful to take with them only such elements and aspects of "Veblenism" as would be thoroughly safe and sound in a rapidly developing monopoly capitalist society.

Logically and in accordance with their own loudly proclaimed ideals, the universities of America should have offered Veblen the means of emerging from his isolation and bringing his genius to full fruition. What William James told the Harvard Commencement Dinner in 1903 has peculiarly ironical relevance in this connection:

Beware when God lets loose a thinker on the world—either Carlyle or Emerson said that—for all things then have to rearrange themselves. But the thinkers in their youths are almost always very lonely creatures. "Alone the great sun rises and alone spring the great streams." The university most worthy of rational admiration is that one in which your lonely thinker can feel himself least lonely, most positively furthered, and most richly fed.



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Similar sentiments have doubtless been expressed on many campuses at many graduations since then. But put to the practical test in Veblen's case, all of America's universities failed. Worse still, by the way they treated him they intensified his isolation and embittered his soul.

Veblen's isolation had grave consequences. It deprived him of the priceless benefits of genuine intellectual collaboration and criticism. It accounted for many, and accentuated all, of his weaknesses: his shyness, his indirectness, his repetitiousness, at times what it is no exaggeration to call his "half-bakedness." The amazing thing, perhaps, is not that this should be so but that in spite of it his insights should have been so sure and his vision should have remained so clear. Veblen, of all American intellectuals, was most nearly "the bough that might have grown full straight."

We American socialists can and should be proud of Thorstein Veblen. At a time when understanding American capitalism may be a life-and-death matter for the human race, we can say that he saw its innermost nature more clearly and deeply not only than any of his countrymen but than any of his contemporaries. That alone would make him one of the great intellectual figures of the twentieth century.

But we can go further and say that at heart he was one of us. Let us therefore celebrate his achievement. Let us study his work with a view to learning from it and improving upon it. And last but not least, let us be guided by his steadfastness and courage.

Veblen tasted the bitter fruits of dissent; he could see all around him the rewards of compliance. But he never wavered from the path of truth and principle, even when it led, as it did during the critical war and postwar years, farther and farther to the left. Those of us who are trying to rebuild a viable American socialist movement a hundred years after his birth can ask no better than that it be given to us to follow in his footsteps along that honorable path.

(June 15, 1957)

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The business man's place in the economy of nature is to "make money" not to produce goods. . . . The highest achievement in business is the nearest approach to getting something for nothing. . . . The less any given business concern can contrive to give for what it gets, the more profitable its own traffic will be. Business success means "getting the best of the bargain."

—Thorstein Veblen

## IMPERIAL GERMANY AND THE INDUSTRIAL REVOLUTION

BY SOLOMON ADLER

*Imperial Germany* stands high in the corpus of Veblen's works. It is direct, pointed, and relatively free from the obliqueness, discursiveness, and prolixity of some of his earlier writing. Its ostensible aim is "to account for Germany's industrial advance and high efficiency by natural causes without drawing on the logic of manifest destiny, Providential nepotism, national genius, and the like." The book not only fulfills this task, it does much else besides, and Dorfman rightly praises its magnificent sweep.

Like its author, it defies easy classification, a fact which would assuredly have gratified one who heartily despised taxonomy. Veblen is hard to classify precisely because he found the static character and accepted compartmentalization of the social sciences so stultifying and because he was convinced that economics must deal with "macrodynamic" processes, secular and long-run as well as short-run. This conviction was a source of strength, although by itself alone it does not account for his greatness, as the dismal record of his pupils shows. Like Marx disowning his followers, he might well have denied being a Veblenian.

He was ever a slow starter, and *Imperial Germany* is no exception. But once he has done with the ethnography, anthropology, and pre-history of the first two chapters, the interest never flags. Even Chapter 2 is relieved by the summary of his teachings on modern business enterprise (pp. 30-37), not to mention the announcement of what is in many ways *Imperial Germany's* main theme and by all odds its most original idea. This theme and idea is "the penalty of being thrown into the lead." From Chapter 3 onwards, the development of modern industry in environments of varying degrees of compatibility with what Veblen was wont to call its logic is traced in masterly fashion. The reader is provided not only with an essential key to understanding the emergence of aggressive German—and incidentally Japanese—capitalism, but also with a brilliant sketch of the evolution of British—and, to a lesser extent, American—capitalism as well. His judgment of the British and American economic systems as peaceable going concerns is by contrast less harsh than his verdict on Germany and Japan, but the seeds of the bitter fruit of 1917-1923 are already apparent.

*Imperial Germany* is one of the easiest of Veblen's books to read and for this reason alone is to be highly recommended as an introduction to his work. For one thing, it abounds in quotable passages, ranging from the delicious wit of "the birds of plumage that roost in the upper branches of the tree of learning" to the deadliness of the thrust that "One does not keep faith with the fur-bearing animals." No country is spared. Thus on Germany: "the subject's ideal of liberty has come to be permission to obey orders," "a tape-worm's relation to his host is something not easy to beautify in words"; "a dynastic State can not be set afloat in the milk of human kindness." On England: "the English today [1915] lead the Christian world both in the volume of their gentility and in its cost per unit"; or, in a similar vein, "It is probably still a safe proposition that an English gentleman of the better sort will cost, all told, several-fold the cost of a German gentleman of conventionally equal standing." And on America as well as on England: "The technology of wasteful consumption is large and elaborate and its achievements are among the monuments of human initiative and endeavor; it has its virtues and heroes as well as the technology of production."

But despite Riesman and, more surprisingly, C. Wright Mills, Veblen is not to be dismissed as a wit and satirist of the Gilded Age—his is, as Eric Roll says in his *History of Economic Thought*, unquestionably "the outstanding American contribution to political economy." And again despite Riesman, *Imperial Germany* is very far from exuding "a patrician air of ironic detachment from contemporary events," as the above quotations should suffice to show.\*

Veblen's basic explanation both of the extraordinarily rapid development of German capitalism and of its viciously aggressive character have become commonplace. With respect to its swift growth,

the German people have been enabled to take up the technological heritage of the English without having paid for it in the habits of thought, the use and wont, induced in the English community by the experience involved in achieving it. Modern technology has come to the Germans ready-made. . . . The new expedients come to hand stripped of whatever has only a puta-

\* David Riesman, *Thorstein Veblen*, 1953, pp. 131-132. Veblen's personal oddness has its counterpart in Willard Gibbs, America's greatest theoretical physicist, and more strikingly in Charles S. Pierce, perhaps America's greatest philosopher. The antitheoretical pressures of 19th century American society are at least as relevant as their personal family backgrounds to an explanation of their freakishness. The ineptitude of Riesman's psychoanalysis of Veblen without benefit of couch, and the frivolousness of his criticisms of Veblen as (of all things) a Philistine and a quasi- or semi-racist recall the quip that archaeology deals with preliterate society, history with literate, and sociology with postliterate society.

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tive or conventional bearing on their use.

The general advantages of technological—and cultural—borrowing are reviewed in Chapter 2 and largely boil down to the fact that the new expedients are taken over in a measure without the defects of their qualities.

Germany's specific advantages were many. The new captains of industry and commerce were accustomed to low rates of profit. There was a good supply of "subalterns" with an adequate scholarly training and an abundant supply of cheap, capable, and comparatively docile labor, so that the elements of modern industry were simple to borrow, once they had been worked out in England. In Veblen's words, "the natural resources to be made use of . . . were to be had at relatively slight cost"—a factor which was of much greater importance in the case of the United States. Last but not least, German enterprise was hampered "with fewer conventional restrictions and less obsolescent equipment and organisation on its hands" than were British and American enterprise, while the very instability of the mixture of archaic institutional elements with an untempered application of machine industry made for versatility and acceleration of change.

But if Germany was able to borrow modern technology so rapidly as to mitigate and defer the diffusion of obsolescence and conspicuous waste, it was only at a heavy price. The very speed of the borrowing contributed both to the preservation of her own archaic institutional background and to the retardation of the spread of bourgeois democratic institutions. There was, in fact, a double cultural lag, the first arising from taking over the industrial system without either its undergrowth or its overgrowth, and the second from the anachronistic survivals from Germany's own past.

The most succinct formulation of the explosiveness of this double cultural lag is to be found in the remarkable essay on Japan, also published in 1915:

It is in this unique combination of a high-wrought spirit of feudalistic fealty and chivalric honor with the material efficiency given by the modern technology that the strength of the Japanese nation lies. In this respect—in being able anachronistically to combine the use of modern technical ways and means with the mediaeval spirit of servile solidarity—the position of the Japanese government is not unique except in the eminent degree of its successful operation. (*Essays in Our Changing Order*, p. 251.)

Veblen deserves the highest credit for having been the first to uncover the explosive nature of the German and Japanese mixtures

of feudalism and capitalism. It is true that his specific analysis of the German mixture leaves something to be desired, largely because he only partly realized that cultural lags are reservoirs of strength as well as of weakness to dominant economic groups, to whose ends they can be adapted or bent. The German dynastic state owed its initial survival to its serviceability to the Prussian Junker class and its subsequent survival to its serviceability to the coalition of Junkers and industrialists in the Second Reich; its expendability to German imperialism was conclusively demonstrated in the Third Reich.

Veblen tended to pay too much attention to the excrescences in cultural lags, perhaps because of his extraordinarily keen eye for them. He was also very loose in his use of the term dynastic, an epithet which is made to do far too much work.\* But undoubtedly his most serious failing is his systematic underestimation of the economic basis of imperialism which leads him badly astray in his discussion of the German search for markets and colonies. His work dates here more than anywhere else. Nevertheless, the modern view that "the ruling alliance of Junkers and capitalists has combined the most reactionary and militaristic features of feudalism with the economic strength of a highly dynamic capitalism" (Sweezy, *The Present as History*, pp. 224-225) stems directly from Veblen and can fairly be described as a summary of his teaching.

The other weaknesses of *Imperial Germany* are so obvious as not to require extended treatment. While some of Veblen's solidest contributions to social science originate in his immanent critique of 18th and 19th century rationalism, he could not completely emancipate himself from its influence. This is especially the case in his treatment of nationalism, free trade—a crass example of the fallacy of composition, an occupational disease of economics—and, as already indicated, imperialism.

Veblen has also been criticized for resting his institutionalism on a foundation of idealist philosophy and for indulging in "the most amateurish psychology and anthropology" in *Imperial Germany*. (Roll, *A History of Economic Thought*, pp. 490 and 494.) It should be added that Roll's judicious and penetrating summary is an excellent if somewhat unsympathetic introduction to Veblen's economics. While there is an undeniable intrusion of idealist elements in the Veblenian system, at least as regards *Imperial Germany* a good case

\* At times, he uses it in the narrow dictionary sense, at others, as a catchword for feudal. At still others, he uses it to convey what he considered the anachronistic nature of the foreign policy and diplomacy—or "systematised prevarication"—of all imperialist states, including England and America; this latter usage is already to be found in his earlier writings (e.g., *The Place of Science*, p. 442). All three usages abound in *Imperial Germany*.

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can be made on the other side. As we have seen, his objective was to explain German capitalism in terms of natural causes, and in this he largely succeeded. He explicitly states that "the prime mover among these factors of the nation's unfolding power has been its increased industrial efficiency" rather than the gain in population and in military force. Similarly, he affirms that of the two agencies shaping habits of thought, namely "the received scheme of use and wont, and the new state of the industrial arts . . . it is the latter which makes for readjustment," which "is necessarily made under the surveillance of the former," an affirmation which is strikingly close to the Marxist theory of the relationship between the economic base and its superstructure. Finally, Veblen is a sophisticated materialist in his treatment of the role of the individual.

With respect to psychology: whether or not contemporary psychology, let alone economics, has transcended the Veblenian point of departure that "it is the characteristic of man to do something" and that "the activity itself is the substantial fact of the process" (*The Place of Science*, p. 74) remains to be seen. As for anthropology, it may readily be conceded that much of Veblen's detail is out of date and that, more serious, he anticipated the current mode of projecting pre-history into the present, though to nowhere near the same rash and question-begging extent.

But with all its faults, *Imperial Germany* remains an imperishable work. Besides unveiling the nature of German and Japanese capitalism, it is the first book in which Veblen elaborates the concept of "the penalty of being first," an idea which he had already propounded in *The Instinct of Workmanship* (pp. 135-136). A good test of such an idea is the extent to which it can both be generalized and be usefully applied to specific situations. On this test it does well. That Veblen himself was aware that the case of England and Germany was only one instance is to be seen from his treatment of borrowing in pre-history in Chapter 2 and of Elizabethan England in Chapter 4. The concept also neatly fits the Chinese borrowing of bronze and iron (see Needham, *Science and Civilisation in China*, 1954, pp. 83-84 and 99) and the Chinese lending of paper, printing, and the compass. That it is capable of further application is evident from the light it casts on present-day Russia and China. Just as Germany and—Veblen to the contrary notwithstanding—America could take over capitalist industry in its most advanced form and could avoid the errors and excesses inevitably committed by England in pioneering, so China is in a position to take over socialist industry and agriculture without committing Russia's pioneering errors and excesses. And just as "the received scheme of national use and wont" left its stamp on English, German, and American capitalism, so it

leaves its stamp on Russian and Chinese socialism. To be sure, there are important differences between the two cases, which must be analyzed in terms of the differences between capitalism and socialism as well as in terms of the concrete historical context and which cannot be deduced *a priori*; but they in no way detract from the concept's validity.\*

Veblen was also aware that the concept was applicable to cultural as well as technological borrowing. Space permits the mention of only one vivid example, the evolution of the alphabet, but the history of culture in general and of modern science in particular is replete with such instances.

There are advantages as well as disadvantages to "being thrown into the lead": "it is not to be imagined that this lead [in the case of England] has brought nothing but pains and penalties." Nevertheless, Veblen undoubtedly stressed England's pains and glossed lightly over England's rewards. A definitive revaluation would have to strike a fairer balance and would also have to take into account what may justly be called the penalty of being last. It was the penalty of being last in the imperialist race which goes a long way towards explaining why Japan had to "throw all its available force, without reservation, into one headlong rush." (*Essays in Our Changing Order*, p. 266.)

The concept of the penalty of being first belongs to the same genus as Lenin's "Law of Uneven Development," although it is not stated in as generalized a form. It is not one instance so much as a whole species of instances of uneven development. However, because of its very generality the Law of Uneven Development can easily be abused, and the working out of the relationship between the Leninist and Veblenian concepts might be a most worthwhile philosophical as well as historical endeavor.

*Imperial Germany* is particularly rich in insights predictive of the future as well as explanatory of the past. There is the uncanny prophecy of the rise of Hitler:

Where it happens that an individual gifted with an extravagant congenital bias of this character is at the same time exposed to circumstances favoring the development of a truculent megalomania and is placed in such a position of irresponsible authority and authentic prerogative as will lend countenance to his idiosyncrasies, his bent may easily gather vogue, become fashionable, and with due persistence and shrewd management come so ubiquitously into habitual acceptance as in effect to

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\* The guess may be hazarded that England may be paying the penalty, vis-à-vis America, of pioneering in the peaceful use of atomic energy.

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throw the population at large into an enthusiastically bellicose frame of mind.

This may be dismissed as a fluke, like Heine's prevision of Nazism a century before the event. But there are too many "flukes" in Veblen. To cite only a few, Veblen scored an unqualified first in his dissection of German Social Democracy in his Harvard lectures in 1906 (*The Place of Science*, pp. 453-456, see also *Imperial Germany*, pp. 247 and 260). There is the specific prediction of the post-World War I depression (pp. 342-343) and of the speedy economic recovery of countries defeated in war (p. 272). There is the bull's eye on the growth of religion—and profanity—in times of war (p. 276, n. 1) and, it may be added with the advantage of hindsight, of cold war. The discussion of the difficulties in the way of improving the British railway system (pp. 130-131) could hardly be bettered today, and his comments on "the surviving feudalistic animus of fealty and subservience" in Germany are still all too pertinent. Finally, in a preview of automation Veblen foresaw that the logic of the industrial process involves transcending the use of machinery as "labor-saving devices" and as extensions of human limbs, but with his Saint-Simonian glorification of the engineer he undoubtedly antedated it.

It has become fashionable to explain Veblen's insights by invoking his artistic flair, intuition, or genius. Yes, Veblen was a genius, and this fact assuredly had something to do with the brilliance of his insights. But it does not explain their frequency. Genius is not enough in the social sciences unless it is armed with a system, as Veblen was. Indeed, he suffered from having too rigid rather than too amorphous a system: thus, the excessive sharpness of his distinction between the pecuniary and industrial elements in business enterprise goes a long way towards explaining the worst mistakes he made on the American economy and on imperialism.

In the last analysis, Veblen's insights are the product not only of his genius but of the valid elements in his system. The tragedy of his immediate followers was that they both lacked his genius, for which they cannot be blamed, and they were blind to these valid elements, for which they can. Contemporary social science is not so creative or wealthy as to afford to dispense with Veblen's fertile heritage, and there could be no more fitting way of celebrating his centenary than to revive the valid core of his teachings for current and future use.



## THE THEORY OF THE LEISURE CLASS

BY PAUL A. BARAN

*The Theory of the Leisure Class* is Thorstein Veblen's first and certainly his most popular major work. It not only contains nearly all the notions that are now commonly associated with his name, it also foreshadows much of what appears in a more developed form in his subsequent writings. The scope of the present attempt to undertake a brief evaluation of that book must therefore be both narrow and general. It must be narrow because it has to consider the core of *The Theory of the Leisure Class*: the concepts of pecuniary emulation, conspicuous leisure, and conspicuous consumption. It must be general because it has to essay an at least tentative assessment of what might be regarded as the central scaffolding of Veblen's thought: his methodological approach and his principal results.\*

The greatest obstacle to a proper appreciation of the theory of pecuniary emulation, conspicuous leisure, and conspicuous consumption is its tantalizing lack of precision. At the risk of gross misapprehension which Veblen's mode of presentation so stubbornly invites, and at the cost of sacrificing the rich and frequently overwhelming orchestration with which the main themes are habitually introduced, the principal tenets of the doctrine may be outlined approximately as follows: at the dawn of human history, under conditions of "primitive savagery" or of a "peaceful habit of life," productivity of labor was barely adequate to provide for the most elementary level of subsistence. Consequently there was no surplus available for appropriation and accordingly no possibility for exploitation of man by man. Thus immune to crystallization of social classes and to emergence of hierarchies of wealth and status, society lived under the benign reign of Saturn so eloquently and nostalgically eulogized by Virgil:

No fences parted fields, nor marks nor bounds  
Divided acres of litigious grounds,  
But all was common.

At some point in time, this state of primitive communism yields to the next historical phase to which Veblen refers as "barbarism"

\* This is not to imply by any means that an analysis and appraisal of Veblen's entire work is to be undertaken in this article. Indeed, interpreting the invitation of the editors most literally, I confined myself to considering exclusively *The Theory of the Leisure Class* without much reference to Veblen's later writings which are dealt with elsewhere in this issue.

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or "consistently warlike habit of life." In that period the development of productive resources is sufficiently advanced not only to sustain the working population but also to permit its subjugation and exploitation by an emerging upper class whose livelihood is henceforth derived from the appropriation of the fruits of the labor of others, whose members are henceforth exempt from the burden of toil and are enabled to enjoy ever higher standards of living. Indeed, ample leisure and ample consumption become now the main characteristic of those belonging to the upper stratum, and the public display of the ability to work little and to consume much assumes paramount importance as indicating an individual's (or a group's) commanding position in society. Becoming thus vehicles of the competitive striving for prestige and status, both consumption and leisure tend to expand in scope and to gain conspicuousness in form.

Yet although it is the state of society in which this happens that attracts Veblen's abiding interest, its contours and contents remain distressingly hazy. Not merely is it left open what processes account for the transition from "primitive savagery" to "barbarism," but what is much more serious, no clear indication is given as to the particular historical era to which the latter designation is supposed to apply. There are numerous statements, in fact, suggesting that Veblen thought of it as extending to his very days. To be sure, there is much to be said for the view that ever since the disintegration of the early communes barbarism and a consistently warlike habit of life marked all of human history. It hardly needs stressing, however, that this very applicability of the notions "barbarism" and "consistently warlike habit of life" to nearly all of recorded history renders them singularly useless as principles of periodization, let alone as keys to the understanding of the actual historical process.

And this points directly to what I consider to be Veblen's fundamental weakness. While talking about history more than most other writers in the field of social sciences, while most persistently and most conspicuously flirting with what in his days was called the historical school, Veblen remains actually a stranger to the historical method, never truly committed to placing a thorough morphology of the historical process at the center of his analytical effort. As "barbarism" becomes to Veblen the dark night in which all cats are gray, so history appears in his writings as an endless continuum in which the more things change the more they remain the same. Indeed, fascinated by what millennia apparently have in common, Veblen all but ignores the far-reaching changes and transformations that set apart century from century. For this failing he had to pay with a vengeance: it not only prevented him from adequately comprehending the mechanism of historical *development*, it robbed him even of the chance to

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visualize clearly some of the most important *real similarities* of consecutive historical periods.

Thus having observed correctly that since time immemorial an upper class has been in a position to appropriate a more or less sizable share of the social product, Veblen never tires of stressing that the existence of that class has been always based on exploitation, that its rich endowment with leisure and worldly goods has been always secured by fleecing the underlying population. In his morbid engrossment in this sameness of iniquity he never attempts, however, to distinguish clearly between different upper classes that at different times appropriated, on the basis of different social relations, different shares of different social outputs produced in different stages of the development of productive resources. Sparing no effort in tracing and interrelating the manifold forms in which the privileged classes have enjoyed their ill-gotten freedom from want and freedom from toil, Veblen hardly pays any attention to many much more important, and much more pernicious, aspects of the part played by the ruling classes in the course of historical development.

Nor could it be otherwise. For the counterpart, or indeed component part, of Veblen's reluctance to examine concretely the forces propelling the historical process is his thinly veiled ambivalence with regard to the significance to be assigned to the development of productive resources and productive relations. Although here too there is no shortage of remarks and allusions suggesting a strong emphasis on the evolution of society's mode of production as the factor determining the mechanism and direction of historical change, Veblen's "economic determinism" is of a peculiarly vacillating, bloodless nature. Fairly unambiguous passages that could be (and frequently were) looked upon as commitments to a somewhat crudely conceived historical materialism appear next to sentences ascribing crucially important kinks in the evolution of society to changes in "spiritual attitudes," with those changes no more explained than they are in the works of idealist historians such as Weber, Sombart, or Toynbee. Even his most famous analytic tool, the concept of "institution" so often celebrated as a sharp, materialistic stylet cutting deeply below the surface of ideologies and appearances, turns out upon examination to be a slippery psychological notion of "habits of thought" no more profound than Weber's "attitude of rationality and calculation" or Sombart's "spirit of capitalism."

Like other bourgeois theorists who are unable to comprehend aspects of reality in their concrete interdependence with all the other components of the continually changing socioeconomic totality, Veblen has recourse to invoking *dei ex machina* as ultimate means of interpretation. And again, as in the case of most bourgeois historians,

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Veblen's wisdoms of last resort are always of a biological or psychological nature, have always something to do with "basic" racial characteristics of men or with the no less "fundamental" structure of their motivations. Leaning heavily on the psychology of William James, he conjures up a number of "instincts" conveniently tailored to suit his particular requirements, and treats them as permanent characteristics of the human race.

Veblen never relinquishes his biological-psychological apparatus, applies it indefatigably to the study of various aspects of social life, and decries scornfully the ever-increasing extent to which "bad" instincts overpower the "good" ones, and "bad" people assert their exploitative dominance over the "good." Relentlessly confronting the actual course of historical development with his normative yardstick, he bitterly denounces the shortcomings of the concrete world, the insufficient "adjustment" of one aspect of reality to another—and all the barbarism and all the waste that he ascribes thereto.

This yardstick—in concrete terms—is productivity and frugality and it is this specific content of Veblen's norms as well as the way in which he employs them that determined the character of his work, its impressive strength and its no less serious limitations. The ideal by which he was inspired is the image of the artisan, mechanic, farmer—the simple commodity producer, in fine—who emerged as the characteristic figure of the waning Middle Ages and the waxing capitalist era. That simple commodity producer was to him the embodiment of an exceptional mode of existence that he apparently considered vastly superior to all that preceded it and to all that has come thereafter. Neither a chattel continually mutilated, deprived and degraded by slavery, nor a predatory slave driver robbed of all human dignity by basking in luxury based on the blood, sweat, and toil of others—that prototype of what eventually came to be called a petty bourgeois seemed to have overcome the limitations of the dark ages and to have entered the road to a bright future. For at the same time his life was not yet squashed by the steamroller of capitalist development. He was still intimately related to the process and the product of his labors, still intensely experiencing the joys of a gratified "instinct of workmanship," still untouched by the pervasive mechanism of alienation that was to dominate all of the subsequent capitalist development. That honorable man consuming with genuine satisfaction the bread that he earns in the sweat of his brow and using his sparse leisure for well-deserved rest, that idealized silhouette from capitalism's glorious adolescence reappears in Veblen's vision as the no less frugal, no less productive modern factory workman and technician and serves as a standard of comparison with both the pre-capitalist past and the late capitalist present. And

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naturally enough, both are found wanting: exploitative, immoral, and profligate.

Yet he nowhere undertakes a searching inquiry into the historical ramifications and functions of those ubiquitous deviations from his basic standard, or into the particular historical circumstances and exigencies that gave rise to his own "system of values" which he endows with absolute validity. Had he seriously embarked upon such an investigation, he would have found that the frugality and abstemiousness of capitalism's "founding fathers" were the indispensable accompaniment of primary accumulation of capital, were indeed enforced by its implacable requirements and by the no less implacable logic of capitalism's early competitive structure. He would have also discovered that the ethos of frugality and productivity that he so wholeheartedly embraced was no more an outgrowth of an "instinct of workmanship" than the accumulation of capital was the result of William James' "instinct of ownership." He would have seen that this glorification of both frugality and productivity constituted an ideology making a virtue of a necessity, a means of asserting the preponderance of a social class whose rise to affluence and power was inseparably bound up with austerity and hard work—at first of itself and its hired help, before too long of the hired help alone.

And looking back at the more remote past, he could also have established that the pomp and circumstance of the feudal courts, the castles, fortifications, monuments, and palaces of worship erected at the behest of worldly and ecclesiastic potentates, far from constituting an expression of a mysteriously evolving "habit of thought," reflected the hard, stubborn demands of the economic and social systems rooted in slavery and serfdom.

What applies to pre-capitalist ages or to early capitalism, applies even more patently to monopoly capitalism, the formative decades of which were observed and studied by Veblen. The display and waste of wealth on the part of the ruling class that reflect the unprecedented volume of output produced and reproduced on the basis of modern technology is wholly inevitable in a society the governing principle of which is market valuation, in which even the notions of good and evil, of beauty and justice are replaced by the concept of "values." Thus the upper stratum of a big-business-dominated social order is bound to engage in sumptuous living, to entertain and to travel on a lavish scale—in order to cultivate the necessary connections, in order to be acceptable and to belong to the exclusive circles important in terms of business, financial influence, and political power. Nor can this upper stratum be divided—as Veblen frequently suggests—into an "industrial" and a "financiering" group with the former considered to be morally superior to the latter. For

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neither could exist without the other: without the prince of *haute finance* there could be no captain of large-scale industry, and without the genius of production there could be no genius of enterprise-merging, amalgamating, and combining various undertakings into vast monopolistic and oligopolistic empires. At the same time, the underlying population, brought up to emulate the leaders of the Big Business world, is rendered a "captive consumer" helplessly exposed to the incessant barrage of a gigantic advertising industry hammering into the minds of people patterns of living and structures of wants. Deprived by the process of alienation of all bases for self-esteem and security derived from accomplishments at work and from genuine, non-exploitative relations of solidarity with others, the ordinary man and woman are driven into the sphere of consumption for such a measure of confirmation and self-assurance as it may provide. A modern house with a well-groomed lawn, the newest model automobile, up-to-date kitchen appliances, and stylish clothing become the nearly exclusive means for proving to oneself and to others one's success in life, one's respectability, one's worth in the market. Veblen senses all of this, of course, but he does not see that it has very little to do with biotic and psychic "instincts" and with the "basic" nature of man. It is clearly a product of an economic and social order which is rent by the irreconcilable conflict between accumulation of capital and its very opposite: consumption of goods and services. It is the outgrowth of a system which cannot accumulate if it does not sufficiently consume, and which cannot sufficiently consume because it is compelled to accumulate. Both the nature and the measure of the resulting rationality and madness, economy and waste, profligacy and miserliness, can be adequately visualized only as the outcome of those antagonistic drives: the never-ceasing battle for maximum profits and the no-less feverish campaign against the perennially reappearing threat of underconsumption.

But unless filled with concrete, historical meaning, notions such as productivity, frugality, waste, conspicuous consumption, and the like tend to become interesting-looking but actually empty boxes. Worse still, they may easily lead astray both social analysis and social criticism. It was mentioned already that productivity and frugality, for instance, served consistently in the course of the last few centuries as an "opiate for the masses," as an apology for a socio-economic system built upon exploitation and directed towards maximization of surplus accruing to the property-owning, neither productive nor frugal, ruling class. Accepting these slogans and lending them the dignity of universal maxims of human conduct—as was done by Veblen and is repeated in our day by various counselors of "peace of mind"—amounts to swallowing one of the principal

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components of bourgeois ideology and to helping to perpetuate a mentality conducive to the continuation of capitalist rule.

From this it does not follow, needless to say, that indolence and profligacy represent the battle cry of progress, and that productivity and frugality have already turned into barbaric relics of a dark age. Quite on the contrary, both productivity and frugality were enlightened and forward-moving principles at the outset of the capitalist age, and are today even more so in that part of the still economically underdeveloped world where tremendous efforts are being made to secure economic growth within the framework of a socialist society. Since the question is always and inexorably: productivity for whom? frugality for what?—the call for productivity and frugality in socialist societies has a radically different meaning and plays an altogether different role than in the advanced capitalist countries where the development of productive resources has progressed so far that meaningful leisure could be substituted for a good part of currently enforced toil and that plenty could take the place of artificially maintained want.

On the other hand, there is no more justification for considering all conspicuous consumption and luxury to be the inventions of the devil. For in the first place all consumption is, and always was, not merely (and not even primarily) private business but a *social* act. Being always in society, with society, and of society, consumption has always been *conspicuous*, that is, shown to many, observed by many, shared by many, deriving indeed a vast share of its pleurability from being an aspect of the individual's *social* existence. What matters, in other words, is not the conspicuousness of consumption but its concrete contents, not that it takes place in society but the kind of society in which it takes place. In fact, there is nothing unpardonable in people's vying to keep up with the Joneses! The question is "merely" who are the Joneses and what is it that people are seeking to emulate them in. There surely would be nothing to deplore if people were habitually endeavoring to excel their neighbors in reason, knowledge, appreciation of arts and sciences, devotion to the commonweal, and solidarity in collective efforts!

Equally uncritical, because representing the natural consequence of his idolization of productivity and frugality, is Veblen's treatment of all forms of unproductive resource utilization under the joint heading of waste. Lumping Egyptian pyramids, Hellenic objects of art, Gothic cathedrals, and princely castles together with gambling casinos, night clubs, and the pompous residences of the modern *nouveaux riches*, and denouncing them all as manifestations of abominable abuse of wealth, Veblen resembles an embittered shop-keeper irate about his burden of taxation and therefore decrying



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violently each and every kind of government spending. Yet there is good government spending and bad, there are outlays on hospitals, and roads, and TVAs as well as expenditures on armaments, on imperialist intrigues, on the support of foreign and domestic parasites. Ranting against both types of government activity is tantamount to criticizing neither, just as attacking as waste all forms of consumption except the knife-and-fork variety destroys all possibility of exposing effectively the prevailing system of irrational and destructive employment of human and material resources.

For irrational and destructive is every use of productive resources that is not conducive to the growth, development, and happiness of men. Armament falls into this category no less than advertising, phony product differentiation no less than artificial obsolescence of durable consumer goods, crop restriction in agriculture no less than monopolistic output curtailment in industry. It should be obvious, however, that the mere fact that all of *these* forms of resource utilization (or squandering) constitute a waste of society's economic surplus (or a reduction of society's aggregate output) does not imply that *all* forms of resource utilization that draw on the economic surplus or that lead to smaller output are necessarily irrational and wasteful. Holding that would mean nothing less than viewing all of human culture as an involved and protracted process of waste and profligacy, nothing less than considering all the paintings, music, literature, architecture created in the course of millennia by the genius of mankind to be but a series of violations of the principle of productivity and frugality. Once more, what is decisive is *not* that an activity is supported out of economic surplus, that an activity detracts from the process of production, or even that an activity is rewarded in what might be considered an excessive way. What *is* decisive is the content of that activity, the nature of the performance to which it leads, the impact that its results have on the unfolding and enrichment of human potentialities. Just as living off the economic surplus does not render Leonardo or Michelangelo, Rembrandt or Picasso, Mozart or Prokofieff embodiments of "waste," so are the toil and frugality of a construction worker building a race track for a successful gambler no marks of the rationality and productivity of his employment.

Revolted and disgusted with all that goes by the name of culture in the society of monopoly capitalism—how horrified he would have been today!—Veblen neglected to draw clearly these vital distinctions. A passionate critic of capitalism, single-minded in his prodigious effort to discern, interconnect, and expose all the aspects of venality, cruelty, moral and cultural degradation that he observed on every side, he was incapable nevertheless of grasping



the totality of the social order that he so profoundly and so uncompromisingly abhorred. Like a number of social critics before him and after him, he saw the existing misery without fully realizing at the same time that it is that very misery that carries in itself the objective chance of its abolition. Witnessing orgies of profligacy, idleness, and waste in the midst of squalor, disease, and exploitation, he inveighed against excess consumption and luxury and raised against them the banner of productivity and abstemiousness. He did not see that what squandering, waste, and snobbery call for is not a proscription of consumption or a condemnation of luxury but an effort to ascertain and to establish the conditions in which abundance will supersede both want and waste, in which on the basis of greatly transformed needs poverty will become a fossil of the past, and a measure of luxury will become attainable to all.

In one of his later books Veblen wrote: "The historical argument does not enjoin a return to the beginning of things, but rather an intelligent appreciation of what things are coming to." This insight, combined with his implacably critical attitude towards a perniciously organized society, render him a towering figure in American social science. Although he did not manage to attain a full understanding of the process of historical change, he frequently came close to it. Had he gone further, he would have transcended himself and taken the decisive step to materialism and to dialectic.

## THE POSTWAR ESSAYS

BY ARTHUR K. DAVIS

Three volumes of Veblen's essays were published after World War I: *The Vested Interests and the Common Man* (1919), *The Engineers and the Price System* (1921), and *Essays in Our Changing Order* (1934). For the most part they were written after Veblen had left the shadowy academic world in 1918. They are consequently more direct and outspoken than the bulk of his previous writings.

They often contain abbreviated and mature restatements of ideas originally formulated in earlier books. And they have a contemporary

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focus on the basic social trends underlying current events—a topical emphasis less often found in Veblen's work during his academic period.

It is not my intention to describe these essays in detail. Better to read Veblen himself than to read about him. If mentioning some of the highlights of these little volumes will encourage people to read Veblen, this review will have served its purpose well. In the works of Thorstein Veblen are many of the best etchings of the American social landscape that we possess.

### The People vs. the Vested Interests

Let us begin with *The Vested Interests and the Common Man*. Written in 1918 and 1919 for *The Dial* magazine, these papers summarize several of Veblen's most basic ideas. Indeed, in many ways this little volume is the best short introduction to Veblen's thought.

In *The Vested Interests* Veblen gives us a shorthand account of some highlights of modern social evolution, a subject he developed most fully in his *Instinct of Workmanship* (1914). In the latter book, his most ambitious theoretical work, he offered his view of factors in social behavior—instincts, habits, and culture lag. More important, he traced the evolution of social institutions from primitive "savagery" through "barbarism" to the handicraft and machine cultures of modern times. His treatment owes much to Lewis Morgan, whose *Ancient Society* (1877) greatly influenced the later thinking of Marx and Engels.

By the time of the first World War, the prevailing climate of opinion among sociologists and anthropologists had turned against an evolutionary view of society. The great universities in England and America became strongholds of static approaches to society—neoclassical equilibrium economics and structural-functional analysis in sociology and anthropology. Veblen's evolutionary view of society has been carried forward by only a small dissenting minority of scholars. But time will vindicate Veblen. For the static schools of social theory, despite their real contributions, cannot do justice to the analysis of social change and crisis—the very phenomena which are the most immediate realities of our age. Already there is a renewed interest, at least in anthropology, in evolutionary concepts. This should make for a rediscovery of Veblen, for his work in that field is basically valid. However sketchy the descriptions of social evolution contained in his *Instinct of Workmanship*, the essential outlines stand up very well when compared with present-day analyses of social development by Childe, Needham, Grahame Clark, Linton, Coon, and others.

*The Vested Interests* describes the change from a handicraft to a machine economy, and some of its social consequences. But our 20th-century economic institutions are still based on 18th-century laws and ideologies. The laissez-faire philosophy of Adam Smith and his followers, Veblen says, did not foresee the rise of giant corporations, high tariffs, and other vested interests. Chief among the latter are the "Vested Rights of Ownership" and "National Ambition"—Veblen's circumlocutions for capitalism and imperialism.

The machine process, the heart of modern industry, Veblen continues, is a product of collective experience. It results from long and complex technological development, to which countless individuals and generations have contributed. Yet the community's cumulative body of knowledge today is harnessed to the private interests of a handful of owners by means of the obsolete institution of ownership.

This body of technological knowledge, the state of the industrial arts . . . is a joint possession of the community, so far as concerns its custody, exercise, increase, and transmission; but it has turned out, under the peculiar circumstances that condition the use of this technology among these civilized peoples, that its ownership or usufruct has come to be effectually vested in a relatively small number of persons. . . . The owners of the community's material resources—that is to say the investors in industrial business—have in effect become "seized and possessed of" the community's joint stock of technological knowledge and efficiency.

Veblen clearly perceives the discrepancy between yesterday's theory and today's practice. But he one-sidedly attributes it to "culture lag." This throws the emphasis on inertia, ignorance, and habit, at the cost of underestimating conscious exploitation of society by Big Business. Veblen isn't wrong, of course—only incomplete. His stress on culture lag neatly supplements the overemphasis common among Marxists on conscious exploitation.

Another central theme of *The Vested Interests* is the wastefulness of modern business enterprise—the limitation of production in the interest of higher profits by monopolies, the absence of rational planning. Veblen never lost sight of the fact that the basic interest of the common man lies in maximum production and distribution of goods and services of a peaceful nature.

The modern state with its proclivity for antisocial wars comes in for sharp criticism in *The Vested Interests*. True, Veblen says, the "kept classes" gain from war, but the common man loses far more. He portrays the state as another case of culture lag. But he also sees very clearly the role of the state as an exploitative tool of

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the vested interests. In the following passage we have a superb example of both the insight and the acid style of Thorstein Veblen:

A protective tariff is only one means of crippling the country's industrial forces, for the good of business. . . . In the absence of all businesslike sabotage the productive capacity of the industrial system would very shortly pass all reasonable bounds, prices would decline disastrously . . . and the whole structure of business enterprise would collapse, as it occasionally has done in times of "over-production". . . . But the divine right of national self-direction also covers much else of the same description, besides the privilege of setting up a tariff in restraint of trade. . . . There are foreign investments and concessions to be procured and safeguarded for the nation's business men by moral suasion backed with warlike force, and the common man pays the cost; there is discrimination to be exercised and perhaps subsidies and credits to be accorded those of the nation's business men who derive a profit from shipping, for the discomfort of alien competitors, and the common man pays the cost; there are colonies to be procured and administered at the public expense for the private gain of certain traders, concessionaires and administrative office-holders, and the common man pays the cost. Back of it all is the nation's divine right to carry arms, to support a competitive military and naval establishment, which has ceased, under the new order, to have any other material use than to enforce or defend the businesslike right of particular vested interests to get something for nothing in some particular place and in some particular way, and the common man pays the cost and swells with pride.

Could one ask for a better summing up of the Truman Doctrine, the Eisenhower doctrine, and current American foreign policy in general than these lines written a generation ago?

### **Sabotage, Technocracy, and Engineers**

*The Engineers and the Price System* is another small volume of essays, written in 1919. A minor work, it contains some exceedingly interesting features.

Equating business enterprise with sabotage is a characteristic Veblenian twist. It is developed in most of Veblen's books, but nowhere more acidly than in the opening paper of *The Engineers and the Price System*.

The second essay deals with recent changes in business leadership, particularly the separation of ownership from active management—a leading concept in economic analysis that Veblen was among the first to perceive.

It was probably the theme of business waste that led Veblen

to toy with the notion of a "soviet of engineers." In "Circumstances Making for a Change," he picks out four sources of waste: unemployment, salesmanship, production of superfluous and shoddy goods, and sabotage or restriction of output by monopolistic concerns. The worst of the four, he continues, is salesmanship—advertising, fancy packaging, name brands, unnecessary sales agencies.

It is doubtless within the mark to say that, at an average, one-half the price paid for goods and services by consumers is to be set down to the account of salesmanship. . . . But in many notable lines of merchandise the sales-cost will ordinarily foot up to some ten or twenty times the production-cost proper. . . . Salesmanship is the chief factor in prosperity among the business community and the chief source of perennial hardship and discontent among the underlying population.

From this position it is but a step to Technocracy. Why not hand over the management of industry to the engineers for full-speed production, unhampered by the sabotage of profit-minded business interests? This scheme is expounded in a paper called "Memorandum for a Practicable Soviet of Engineers." Engineers and technicians as the general staff of industrial production are indispensable to the Vested Interests, according to Veblen, but the Vested Interests are by no means indispensable to the engineers. The business regime of waste and sabotage for the sake of profits runs counter to the common interest of the engineers and the underlying population in maximum productivity. People in general and the engineers in particular are beginning to become aware that the gap between wasteful reality and potential abundance lies within the span of control of the engineers.

It would be hazardous to surmise how, how soon, on what provocation, and with what effect the guild of engineers are due to realize that they constitute a guild, and that the material fortunes of the civilized peoples already lie loose in their hands. But it is already sufficiently plain that the industrial conditions and the drift of conviction among the engineers are drawing together to some such end.

But a Soviet of Technicians, Veblen concludes, is a remote contingency—"just yet." Engineers are "well fed . . . content to work piecemeal . . . a safe and sane lot."

So long as the vested rights of absentee ownership remain intact, the financial powers—that is to say the Vested Interests—will continue to dispose of the country's industrial forces for their own profit; and so soon, or so far, as these vested rights give way, the control of the people's material welfare will pass into the hands of the technicians. There is no third party.

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If—or perhaps when—such a transformation comes about, according to Veblen, the Vested Interests are more likely to abdicate than to be ousted. All that is necessary is the “discontinuance” of absentee ownership and the assumption of industrial management by the engineers, who in practice already operate the industrial machine.

It is obvious that so soon as [the technicians] shall draw together, in a reasonably inclusive way . . . they are in a position to say what work shall be done and to fix the terms on which it is to be done . . . provided that their pretensions continue to have the support of the industrial rank and file. . . . The obvious and simple means of doing it is a conscientious withdrawal of efficiency; that is to say the general strike. . . . But so long as they have not, at least, the tolerant consent of the population at large, backed by the aggressive support of the trained working force engaged in transportation and in the greater primary industries, they will be substantially helpless. . . . There will be at least two main lines of subsidiary preparation to be taken care of before any overt move can reasonably be undertaken: (a) An extensive campaign of inquiry and publicity, such as will bring the underlying population to a reasonable understanding of what it is all about; and (b) the working-out of a common understanding between the technicians and the working force engaged in transportation and in the greater underlying industries. . . .

If we assume that Veblen meant this line of thinking to be taken seriously, one comment seems obvious. A vein of pre-Marxian, utopian socialism has cropped out here in Veblen's work. Revolutionary change is to come about more or less by fiat from above, as a result of educational enlightenment, sparked by elements of the upper class—the professions. True, the educational appeal is to be directed at the underlying population instead of to the ruling class, as was the case with most of the earlier utopians. But for active revolutionary leadership Veblen looks to a lesser segment of the privileged elite. The old regime is expected to abdicate politely. Little is said about the key problem of organizing the indispensable mass movement in the face of inevitable political prosecution and persecution. The speed with which most of the “liberals” folded up before the reactionary offensive of the 1940s and 1950s should leave us with few illusions concerning the unrealistic nature of Veblen's estimate of this particular situation. The “Soviet of Engineers” fully deserves the sweeping criticism leveled at it by Bukharin in 1932.

But to my mind technocratic utopianism is not the main drift of Veblen's general thought. That he leaned basically toward social-

ism in the Marxian sense as the next great stage of social evolution is a premise close to the surface of much of his other work. This becomes especially evident in his "War Essays," written 1917-1922, and reprinted posthumously as part III of *Essays in Our Changing Order*. Undoubtedly there is in Veblen's work a deep-seated vacillation between two main alternatives for the future—regression to militaristic barbarism, and advance toward socialism. Nowhere does Veblen explicitly and finally resolve this dilemma. My recent re-reading of his life and work has convinced me, however, that he stands far closer to the Marxian tradition than has generally been realized.

### Veblen on the Cold War

So incisive and penetrating are Veblen's postwar essays on international relations that many of them are as relevant today as they were when written. No one saw more clearly than Veblen that the controlling principle of world affairs since 1917 has been the desire and drive of the capitalist powers to retain their imperialist privileges, and to contain or destroy Communism and Communist tendencies wherever found—"Communism" being defined broadly enough, of course, to cover any social change that might threaten their traditional supremacy. Such has been the policy of the "Elder Statesmen," by and large, so far as they have been able to persuade their war-weary and crisis-ridden people to follow their lead on this matter. Much has changed since the early 1920s, when Veblen wrote these papers. America has become the leader of the world's reactionary coalition; Russia has come through her revolutionary ordeal, not without scars; imperialism has been cast out of most of Asia; a new bloc of neutralist powers has arisen under the leadership of India. Yet enough remains of the old issue of imperialism versus social revolution to give Veblen's war essays a contemporary and largely unimpaired relevance.

Indeed, the reader will derive more insight from Veblen's papers on the international scene—insight for today, 1957—than he will from any number of present-day intellectuals, interpreters, and academic "authorities." Let us simply list some of the topics with which he deals in Part III of *Essays in Our Changing Order*: the conditions of peace; the changing role of Japan; the necessity for the advanced industrial powers to discontinue colonialism if the peace is to be kept; the need for repression to preserve the regime of absentee ownership in the face of changing conditions; the obsolescence of national sovereignty and frontiers; the causes of the "red hysteria" in America; war as an offset to Bolshevism; the need for an anti-Bolshevik alliance among the Elder Statesmen of the erstwhile enemies, Germany and the Western Nations—these are the sort of

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subjects analyzed by Veblen in the years just after World War I.

The practical corrective for all Bolshevik vagaries and illusions is patriotic animosity and a law-abiding submission to authority. Warlike enterprise and warlike preparation induce a patriotic temper in the underlying population, at the same time that they exact a servile obedience to the constituted authorities. These things, therefore, may be counted on to divert the underlying population from spending thought or sentiment on those economic grievances which make for a Bolshevistic frame of mind. And just now there is no other way to accomplish that purpose. Also, patriotism and warlike enterprise have ceased to have any other use.

The foregoing lines were written in 1921; they are fully as applicable to 1951. Now let us consider how well the following excerpt from a 1919 *Dial* editorial sums up German-American relations, not only after World War I, but also after World War II:

Among the guardians of the established order there appears plainly to have been a growing realization . . . that the vested interests of property and class rule in the countries of the Entente must for their own benefit make common cause with the like interests in the countries of the Central Powers. . . . A prostrate and completely discredited German military establishment, such as another three months would have left, and a broken and emptied imperial organisation, such as the same three months would have left—with such an outcome of the war the German states would have gone Red and would have been fit to make trouble for none but themselves. . . . Guardians of the Vested Interests, the elder statesmen sorely needed the bulwark of a practicable German Empire to serve as a bar against the spread of Bolshevism out of Soviet Russia, and they likewise needed the active use of a practicable German military establishment to defeat Bolshevism by fire, sword, and famine, in and out of Soviet Russia. . . . It is another, and hitherto an open question, how near the elder statesmen are likely to realise their sanguine hope of subduing Soviet Russia by use of a subservient German military establishment.

What can we say of Veblen that his writings do not say better? What, indeed, except that with the passing of time he looms ever larger as one of the handful of really great minds of the modern world. He is surely the most original and prophetic figure in American academic circles; history may yet judge that he is the greatest social thinker this country has so far produced.



## THE PLACE OF SCIENCE IN MODERN CIVILIZATION

BY PHILIP MORRISON

The volume which bears that title is a collection of some sixteen or eighteen essays, whose "mean epoch" is the administration of TR. Their central theme is economic theory. Any serious appraisal of most of these essays demands a professional discipline which no physicist, or anyway not this one, can profess to command. But the first two essays, written in the same era, include the paper which gives the volume its title, and discuss a theme from what must be called the sociology of ideas. Precisely the same topic is addressed by Veblen in the final chapter of his book *The Instinct of Workmanship*, published a decade later. The three pieces taken together form a quite coherent long essay of a hundred pages or so; they are directed to an inner and genetic understanding of the key ideas of physical science; and they present with that pithiness so marked in the best of Veblen an argument as fresh today as it must have been to the Berkeley professors who heard it read not long after William Howard Taft entered the White House.

The burden of that argument as it looks after a half-century of unprecedented growth in science is the subject at hand. And in order not to regard the thoughts of Veblen as dogma, but rather as guides to action (to paraphrase another source), we attempt to extend the clear line of his propositions across the fifty years to the present time.

Veblen did not doubt that the "body of matter-of-fact knowledge," an "impersonal dispassionate insight into the material facts with which mankind has to deal," was the "substantial core" of our cultural structure. A civilization which is dominated by such an insight must prevail, he said, against any cultural scheme which lacks it. Today, the air hammers of the Chinese in the Yangtze gorges, and of the Hindu workmen in the watershed of the holy Ganges, punch out the validity of this view. We are aware also, in the special anxiety of each day's fall-out, by how much we have failed to close off what Veblen calls "room for much more than a vague doubt that this cult of science is not altogether a wholesome growth—that the unmitigated quest of knowledge of this matter-of-fact kind, makes for race-deterioration and discomfort on the whole, both in its immediate effects upon the spiritual life of mankind, and in the material consequences that follow from a great advance in matter-of-

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fact knowledge." But this sort of half-rueful sermonizing is commonplace enough, especially nowadays. Neither Veblen nor we can spend much space on that, nor at least here argue the merits of the case. What we are after is the origin of this mode of thought and action, the roots of science and of its conscious application to economic ends. Whence come the ideas of science?

They begin, for Veblen, in the biological endowment of responding organisms. The simplest and most functional of responses—the moth seeking the light—behaves all but automatically, without in fact "acting" at all. With consciousness, a more subtle sort of goal-seeking response becomes possible and necessary. But such an intelligent selection among potential responses demands that some responses are stored for a while in the organism only to be eliminated as causes of action. They are, at least after the fact, irrelevant, idle. Thus arises the notion of idle curiosity. How near this is to the contemporary view of intelligence as a process of choice, how we now see that curiosity is a drive almost as direct and appetitive for the primates as hunger, thirst, or lust, would please Veblen.

Equipped with a necessary but undirected potential for idle curiosity, a special form of play, man can build theories. He interprets the facts of experience first of all by a theory which tends to impute to the phenomena of nature a set of life-histories, of organized biographies of the world, of man, of the wind and the fish and the trees and the caribou. The great biological events of the life of man form the suitable metaphors for his idle curiosity, which can build a cosmology of "procreation, birth, growth, and decay." The same primitives who have such a naive cosmology may, however, possess a set of practical dicta for the expedient conduct of life which is tested, workable, and indeed not different from Samuel Smiles' or Poor Richard's. But the science of such cultures may be summarized by the observation that they tend to regard the godhead as Father.

The next phase is more sophisticated. As the social structure differentiates, as more complex classes form and institutions elaborate, the theories constructed change in a way which reflects the new ways of life. The hierarchy of earth becomes the symbol of the organization of the universe: both the Schoolmen and the Chinese scholars of the formative empires saw the Mandate of Heaven as one, both in politics and in physics. One can put it that the ruling metaphors express no longer the parental relationship but that of the suzerain: the deity is not Father so much as Lord.

With the Renaissance, times change, and also theories. Industry and trade grow and tend to set the tone. By the eighteenth century, industry is vigorous, but still below the stage of the machine; it is

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the domain of the craftsman. The causal relationship becomes not so much the act of begetting, nor the issuance of edict from liege lord, but the work of skilled hands. The laws of nature are a set of specifications prescribed by the Master Craftsman for us his journeymen below. The world is a cunningly-made clock, and implies a Maker; Bishop Paley sought rather later the Watchmaker quite explicitly. In this epoch, one can see God neither as Father nor as Lord, but as Artificer. There is in the causal relationship a directness, a simplicity, a sense of purpose and goal, all of which are the craftsman's. A single line of cause and effect runs through events, and the details of the motion of his knife, or the grain of the wood, become adventitious, unobserved, clearly subordinate.

Finally, modern times. Idle curiosity is now channeled by a strong set of disciplines. From the point of view of the scientist, they need have had no applicability to the processes of academic production; but that in fact they have is beyond all doubt. This can receive an explanation if the view is taken, not that the categories and the mode of thought of science influence production merely by chance, but rather that the thinking of the scientist is so conditioned by and congenial to the ways of production that his results, flowing subjectively from idle curiosity but objectively from a pervasive cultural milieu, "play into the hands" of technology itself. "Men have learned to think in the terms in which the technological processes act," says Veblen. What are these terms, then, at once so fitted for production, and so basic to our science?

First of all, the causal chain no longer runs from progenitor to offspring, from lord to vassal, nor from the idea and the hand of the craftsman to his well-wrought product. Now it runs step by imperceptible step from input, as raw material, to output, as finished commodity, standard, predictable, accountable. The single causal chain, almost divisionless, works the material from moment to moment from one point of space to the next. Every mark and feature of the outcome has its own cause; some jig or fixture, some tool, has made each one. All is orderly and sequential, but at the same time homogeneous. The machine and its maker do not much differ, for what made the machine was just such another machine! And so back it goes, from effect to cause, and back, and back. . . . Nor is there an end to the effect of any cause. Such is the picture of the flow of the world's events in the age of machine industry. Development stems from moment to moment, from point to neighboring point, without distinctions, under pressures, forces, stresses. Even the organic world evolves after Darwin in such a way, "in a colorless impersonal sequence of cause and effect."

Two great principles underlie theoretical physics, and with it

all of science, in such a view. One of these, called metaphysical by Veblen, is that of local efficient causation. Just as in the machine process, no event is affected save by its immediate neighborhood in time and in space, that is, by *contact*. There is no action at a distance, no simple correlation between distant events without an efficient agency connecting them. Veblen rests this principle upon the primitive experience that objects outside our body move only when we manipulate them. Magic and prayerful worship, however, are clear evidence that this manner of thought is by no means the only natural one. Action at a distance seems to relate birth to conception, even performance to command. Only in the world of science is causation analyzed down to contiguity: conception implying wonderful growth of the implanted seed, and obedient performance the physically-transmitted command, of sound or sight or touch. Closely connected with this postulate is the second great metaphysical principle: that of the conservation of energy and its related theorems. These Veblen calls the invariable quantity of mechanical fact.

Veblen regards the conservation of energy as a mere tautology, and its proofs a begging of the question. Here he was echoing the positivists, but they were only partly right. Indeed, he does not see the intimate connection between the local causation of events and the conservation laws. For no conservation is possible in detail if action through electrical or optical means, for example, is at a distance, and not locally in a field of force. No effect occurs instantaneously after a distant cause, and the delay time is a time when mechanical quantities are in abeyance. The radio energy passes from the transmitting aerial to the receiving aerial, and it takes time to get there. While it is in transit, that parcel of energy has been lost to every count, unless there is imputed to the space a quantity of energy stored, we say, in the electromagnetic field. Nowadays we admit that between *delayed* action at a distance (which was not the Newtonian kind) and the assumption that "fields" produce effects, so to speak, by passing them from point to point through empty space, there is no empirical difference. But on the latter view we can extend mechanical conservation laws to every known phenomenon, however non-mechanical. Those conservation laws amount to more than tautologies, for they have led more than once to the identification of new modes of influencing events at a distance. Veblen remarks on this, and perhaps it is as well not to press here a further analysis of the content of these principles beyond the assertion of their continued heuristic value. Indeed, at this very point Newtonian mechanics finally yielded to an Einsteinian physics based not on contact forces but on the delay of effects by space.

It is irresistible to compare the conservation laws with their

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precise analogues: the careful accountancy of costs and products so characteristic a part of the organization of machine industry. The control of process in technology and in nature follows parallel lines; in both, a quantitative balance sheet is struck by means of measurements about whose meaning there remains much to analyze. Surely this is not accidental, nor is it wholly the consequence of the modelling of theory upon social institutions. You cannot get anything for nothing, for even an idea has a material embodiment. This is an argument which reflects less the nature of a machine-centered society than it does the conformation of machine industry to the structure of the physical world.

There is throughout the brilliant argument of Veblen a note which is perhaps less than irony but something more than exposition. Scientist, Darwinian, he is, but he finds in the mechanistic point-by-point single-cause science he describes much that is unreal. That he rests the origin of these ideas upon the nature of the factory is clear; less clear, but at least probable, is his feeling that in this way the science of his time had forced the world into a mold which was too narrow. For the old metaphors have some validity: indeed, the world of life and of thought does not look to common sense so mechanical, so blind, so contact-dependent as did the world of physics fifty years ago. Let us try to extend his argument to the science of to-day.

It would help us much to know what sort of machine Veblen found typical of industry in the pre-Wilson years. He mentions none at all explicitly; in other contexts, he alludes to typewriters and telephones, and he frequently uses the term "mechanical engineer" as a rubric for the designer of machine industry. We may surmise that the dynamo (Henry Adams admired it so!), the rolling mill, and the linotype would stand for him as fair samples of what he had in mind. They all represent classical physics at its best; plan and purpose inform them all, but they operate only on the principle of contact, part after part fitting, striking, and moving, if we extend the idea to the action of magnetic and electric forces. Their operation is a "colorless impersonal sequence," exactly according to the general plan of science.

We retain to-day the idea of the "colorless sequence," but it has matured. The characteristic machine of these years is surely an automatic ball-bearing plant, an almost-automatic oil refinery, or a big electronic computer. Three great differences separate such an artificial organism, for so it is, from the earlier machine industry. First, the chain of cause and effect, while no less direct and still analyzable into contacts, is multiple. Pulses of voltage, say, flow from all parts of the device to determine subtly the overall state of the

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machine. In general no one, not even its designer, can say exactly what is at any time the chain of cause and effect, for variations in the external conditions or in raw materials are taken account of by the device itself; it adjusts to the complex state of its context. The tools work in differing ways at different times, it may be, to produce the same acceptable product; for what they have to work upon, or the conditions of their action, may differ. The device senses the difference, and adjusts. Second, the conservation laws fully apply, in every part of the machine; but now, just as in the living world or the world of ideas, small causes may have great effects. Amplification, enabling a beam of light to determine the motion of a great cutting edge, or a small impurity to initiate the flow of a new reagent, or the firing of a furnace to depend upon the trembling of a mercury column, is found everywhere. Third, the differences already noted entail that the operation is in the end statistical. The designer must know, not merely a single chain of major events, but a multiple set of alternatives, taking account even of the ceaseless randomness of the motion of the molecules of matter itself.

All of this can be summarized under the rich term "probabilistic." To the simply-evolving action of the last generation, this generation has added, without giving up the old scheme, mainly by sheer multiplicity and repetitive interconnections, a new technology resembling the new emphasis in sciences. It cannot escape the reader how akin is such a factory to the deepest probabilistic foundations of contemporary quantum theory, or of the theory of the structure of matter, or even of the present neo-Darwinian account of the evolution of life by mutation and selection. Perhaps we can include even the much-abused constructs of social science, and of the psychology of the unconscious. In all these, the large, delayed effects of statistically-summed small causes play a major role. Certainly Veblen's extrapolation holds, and the complex machine industry of today, with its servos, amplifiers, and statistics, is a model of the science of the era. And it is not hard to see in both machine and science the microcosm of the complex, unstable, interrelated, statistically-organized society of today.

But I suspect that the current of influence has begun to run in the opposite direction to what it did in Veblen's day. It may be that "idle curiosity" once tended to base itself upon social institutions, and that a corollary of rational machine industry was the easy growth of an evolutionary and mechanistic science. By now, however, the institutions of society both here and in the USSR explicitly encourage and mold a creative science for technical ends. Technology and science still play into each other's hands, but they have formed a coalition against all other players. Increasingly, the

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look of machine industry reflects the conscious growth of curiosity, no longer quite so idle; and the interrelation is today so strong that it may soon be fruitless to ask whether science has modelled itself in the image of the machine, or the machine has been made in the style of the newest science.

The institutions of such a modern society are not yet fully built, anywhere; it may be insights like those of the Veblen whom we celebrate which will yet enable us to build them. The time is long since ripe.

## THE THEORY OF BUSINESS ENTERPRISE AND ABSENTEE OWNERSHIP

BY PAUL M. SWEETZ

*The Theory of Business Enterprise*, published in 1904, was Veblen's second book, preceded only by *The Theory of the Leisure Class*. *Absentee Ownership and Business Enterprise in Recent Times: the Case of America*, published nineteen years later, was his last book. Together, they contain his most important and systematic work on capitalism in general and on the United States economy in particular.

To a greater degree than most writers, Veblen must be read in the original to be appreciated. His style was uniquely his own, and it cannot be adequately described let alone reproduced. Moreover, his capacity to inspire and stimulate often reaches far beyond the bare logic of language and statement. And yet I think very few people need to read all of Veblen or even all of such major works as those before us. The reason is that Veblen was a very repetitious writer. To be sure, even simple repetition can serve a purpose and Veblen's was often far from simple, being not infrequently his way of introducing new facets of what he considered to be a key problem. But when all has been said in mitigation, it seems clear to me that there is *too much* repetition in Veblen and that it as often defeats as achieves its purpose. I suspect that many readers may have been driven away by this quality and that even more may have been deterred from taking Veblen as seriously as I am convinced he deserves to be taken.

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Since one of the chief aims of these essays is to persuade people, and especially younger people, to read Veblen (none of the authors has any ambition or intention to provide a substitute), and since at least some may find length or repetition, or both, a serious obstacle, it may be worthwhile to preface comments on *The Theory of Business Enterprise* and *Absentee Ownership* (hereafter abbreviated from time to time as BE and AO) with a suggested reading program which will reduce the two books to the length of one. (The two books together contain 845 pages, while the listed excerpts total 417 pages.)

Begin with chapter 1 of BE, a methodological masterpiece in four deceptively simple pages. Next read chapters 3, 6, and 7. In chapter 7, skip the pseudo-mathematical footnotes and be ready for the recapitulation which begins on page 254. Include pages 284-301 of chapter 8 and the whole of chapter 10 which is the last in the book. Turning now to AO: read chapters 1 and 2, but skip selectively in chapter 2 in order to reduce the amount of repetition. Proceed now to chapter 5, and cover pages 115-118 of chapter 6. Chapter 7 is made up of substantially independent essays of which the third ("The Country Town") is by far the most important and must be included. From here on, read the odd-numbered chapters (9, 11, and 13). Be sure that you are at your mentally most alert when you read chapter 11: it is magnificent and in my judgment the best piece of straight economic analysis to be found anywhere in Veblen's writings. The note to chapter 11 (pages 319-325) on the Propaganda of the Faith is a satirical gem which makes especially refreshing reading in the stuffy atmosphere of the 1950s.

I don't say that if you follow these suggestions you will have missed nothing of significance in BE and AO, but I do think you will have got what is most important and that you may have a more vivid and retainable understanding of Veblen's ideas about modern capitalism than if you had dutifully plowed through both books in their entirety.

As an economist, Veblen was a curious mixture of contradictory qualities, of strengths and weaknesses. He was fond of parables but never announced or identified them. Like Humpty Dumpty, he made words mean what he wanted them to rather than what an unsuspecting reader might expect them to mean. He was thorough and through a theorist who dealt almost wholly in generalities and hardly ever introduced a statistic into his writings; yet he inspired the so-called institutionalist revolt against theory, and some of his early admirers claimed him as the originator of a new quantitative economics. His overall vision and detailed insights were unsurpassed since Marx—no American economist will even stand comparison—



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yet his analytical attempts to lay bare the elements and *modus operandi* of the economic system are weak and often confused.

Against this background it is easy to see why "interpreting" Veblen is a highly uncertain business and can lead to differing and sometimes even bizarre results. On occasion, to be sure, it is a useful and perhaps even necessary undertaking, but not for present purposes which are essentially to impart to a generation which has grown to maturity since Veblen's death an urge or desire to discover him for themselves. And this end I think may best be served by reporting some of the things that especially struck me in reading BE and AO again after an interval of probably ten to twenty years.

Veblen's general diagnosis of "the state of the nation" is, it seems to me, astonishingly accurate and if anything more relevant to 1957 than to 1904 or 1923. Already in *The Theory of Business Enterprise* he boldly advanced the theory that the American economy had reached a state of "chronic depression," that prosperity (when it occurred) was the result of extraneous factors, that the essence of these extraneous factors was waste, that to maintain prosperity the rate of waste would have to increase, and that any serious slackening in the rate of waste would precipitate a crisis. All of these ideas are contained in a single brilliant passage in BE from which it seems worthwhile to quote at considerable length:

Since the seventies . . . the course of affairs in business has apparently taken a permanent change. . . . During this recent period, and with increasing persistency, chronic depression has been the rule rather than the exception in business. Seasons of easy times, "ordinary prosperity," during this period are pretty uniformly traceable to specific causes extraneous to the process of industrial business proper. In one case, the early nineties, it seems to have been a peculiar crop situation, and in the most notable case of a speculative inflation, the one now (1904) apparently drawing to a close, it was the Spanish-American War . . . that lifted the depression and brought prosperity to the business community. If the outside stimulus from which the present prosperity takes its impulse be continued at an adequate pitch, the season of prosperity may be prolonged; otherwise there seems little reason to expect any other outcome than a more or less abrupt and searching liquidation. . . . That is to say in other words, the absorption of goods and services by extra-industrial expenditures, expenditures which as seen from the standpoint of industry are pure waste, would have to go on in an increasing volume. If the wasteful expenditure slackens, the logical outcome should be a considerable perturbation of business and industry, followed by depression. . . .

I think this passage applies, almost word for word, to the situation of the 1950s.

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Veblen went further. He denied the possibility that waste could be developed to the extent required to maintain prosperity: "Wasteful expenditure on a scale adequate to offset the surplus productivity of modern industry is nearly out of the question." Private waste is large but quite insufficient. "Something more to the point can be done, and indeed is being done, by the civilized governments in the way of effectual waste." In this connection, he mentions "armaments, public edifices, courtly and diplomatic establishments, and the like." He notes in passing that J. A. Hobson—the leading "Keynesian" of Veblen's day, though in many ways a deeper thinker than Keynes—had proposed a remedy through redistribution of purchasing power, a suggestion which Veblen curtly dismisses as "manifestly chimerical in any community, such as the modern industrial communities, where public policy is with growing singleness of purpose guided by business interests with a naive view to the increase of profits." Capitalist governments, in other words, are effective wasters but no good for social reform. Even so, they can hardly be expected to do the job: "So long as industry remains at its present level of efficiency, and especially so long as incomes continue to be distributed somewhat after the present scheme, waste cannot be expected to overtake production, and can therefore not check the untoward tendency to depression."

Today, with armaments alone running consistently over ten percent of gross national product, we may regard this as a good deal more of an open question than Veblen did, but at the same time we can feel doubly certain that he was here defining the great issue of our times with astonishing accuracy and clarity.

To understand how Veblen himself developed his argument from this point, it is necessary to advert to his underlying economic theory. The basic reason, according to him, why a phase of chronic depression set in was that under competitive conditions the ever-growing output of modern machine industry leads to persistently falling prices with a consequent downward pressure on profits. This in turn progressively undermines the capitalization of existing companies which, in Veblen's view, is the substantial reality on which all business calculations are based. The result is demoralization of the business community which is precisely the core of the depression phenomenon.

From this reasoning Veblen drew the conclusion that the way out from the point of view of the business community was the elimination of competition. As he put it, "the competitive management of industry becomes incompatible with continued prosperity so soon as the machine process has been developed to its fuller efficiency. . . . As it is sometimes expressed, the tendency to consolidation is irresistible."

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This theory, it will be seen, has the great merit of explaining the trust movement which had begun during the nineties and was in full swing when Veblen was writing BE. But what is its bearing on the tendency to chronic depression? On this point, Veblen was vague, perhaps deliberately so:

The higher development of the machine process makes competitive business impracticable, but it carries a remedy for its own evils in that it makes coalition practicable. The ulterior effects of thoroughgoing monopoly, as regards the efficiency of industry, the constancy of employment, the rates of wages, the prices of goods to consumers, and the like, are, of course, largely matters of surmise and cannot be taken up in this inquiry, the present purpose being merely to give in outline an economic theory of current business enterprise.

The phrase "remedy for its own evils" suggests that he thought monopoly would indeed provide a cure of sorts for chronic depression, and there are other passages which appear to lend support to this interpretation. On the other hand, the disclaimer which follows is in rather sweeping terms and may be taken to mean that Veblen simply hadn't made up his mind about the whole question. In any case, we reach the end of chapter 7 of *The Theory of Business Enterprise* in a state of uncertainty—and then, in typical Veblenian fashion, the argument shifts to other grounds and other problems.

The main issues of the last three chapters of the book are the broad cultural and historical effects of the fundamental Veblenian contradiction between "business" and "industry." There is much here that is fascinating and relevant to our situation today, particularly the penetrating discussion of the reasons why business increasingly promotes militarism, chauvinism, and imperialism. Such activities and policies provide an antidote and corrective to the rational humanitarianism which Veblen regarded as the natural emanation of machine industry and which must, if allowed to develop unchecked, lead to a classless society without property, profit, or privilege. But in Veblen's view a business triumph by these means would be at best a pyrrhic victory. A society dominated by "national ambitions and warlike aims" would necessarily regress to an older institutional and cultural pattern which in the long run would not be compatible with "the machine technology, nor with modern science, nor with business traffic." The alternative to a classless society is thus not the present state of affairs but some form of barbarism. The book ends with a strong affirmation and an implied question: "It seems possible to say this much, that the full dominion of business enterprise is necessarily a transitory dominion. It stands

to lose in the end whether the one or the other of the two cultural tendencies wins, because it is incompatible with the ascendancy of either."

We can see today that Veblen's discussion of the relation between business and warlike policies would have gained in depth and relevance if it had been specifically linked to the tendency to chronic depression. We can also see that he failed to recognize the complexity of the relation between war and science under fully developed capitalist conditions. The incompatibility of which Veblen spoke undoubtedly does exist (it is most clearly visible in the secrecy mania of recent years), but it is only one side of the story. The other side, unfortunately, is that war is now completely dependent on science, and science increasingly takes both its problems and its material support from the military. Where all this will lead is still, in Veblen's phrase, "something of a blind guess," but the alternatives are obviously no longer so simple or clear-cut as Veblen thought them to be.

This is not a criticism, of course. The wonder is not that Veblen, writing before 1904, failed to see all the trends and developments of the next half century, but that he saw so much so clearly. Is there an American social scientist among Veblen's contemporaries whose work will stand the scrutiny of hindsight, I will not say as well or even half as well but one tenth as well as Veblen's?

I have devoted most of this review to *The Theory of Business Enterprise* rather than *Absentee Ownership* not because it is intrinsically a better book—in some respects it undoubtedly is, though on an overall judgment I am far from sure—but because it was written first and expounded a set of ideas about capitalism and America which for the most part reappear in AO. Nevertheless, even to a reader who has just finished BE there is much that is new and striking in AO, and it is to this aspect of the later book that I would like to devote a few concluding remarks.

It is clear that Veblen considered that the monopolization process under way in 1904 was substantially completed by 1923. The "key industries" (a category to which Veblen attaches great importance in AO) as well as many industries of lesser stature had now been brought under workable control by the big corporations and financial interests. The competitive evils of falling prices, menaced profits, and undermined capitalizations had been largely corrected, as Veblen foresaw they would be in BE.

It was in analyzing the resulting new economic pattern that Veblen made some of his most brilliant and original contributions to economic theory. Substantially all of the really illuminating insights of the theory of "monopolistic" or "imperfect" competition

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which was to create such a stir among economists ten years later are to be found in AO. Monopolization, Veblen argued, is hardly ever complete, and in many cases the big companies continue to compete as fiercely as ever. But the terrain of competition shifts from price to salesmanship: "In great part this decay of the old-fashioned competitive system has consisted in a substitution of competitive selling in the place of that competitive production of goods that is always presumed to be the chief and most serviceable feature of the competitive system." Prices are of course set to yield the greatest net return, and where monopoly is strongest, as in the key industries, the result may be enormous profits. But this is not the necessary or even the most usual outcome: in retail trade, for example, "men eager to do business on a good margin will continue to drift in and cut into the traffic until the number of concerns among whom the gains are to be divided is so large that each one's share is no more than will cover costs and leave a 'reasonable' margin of net gain." Veblen not only saw the growth of salesmanship as an external feature of American society but uncovered its roots in the "decayed competitive system" and appreciated to the full its profound influence on every aspect of American life and culture. There is no doubt in my mind that chapter 11 entitled "Manufactures and Salesmanship" is and will remain one of the great achievements of American social science.

There is one crucial problem left over from *The Theory of Business Enterprise*, however, which Veblen fails to come to grips with, let alone solve, in *Absentee Ownership*. This is the relation between the monopolization process and the tendency to chronic depression. As nearly as I can make out from scattered remarks, Veblen's answer to the problem, if it had been squarely posed to him, would have been that the new economic dispensation brings with it fairly stable *business* prosperity on the one hand and a persistent and grinding form of *industrial* depression on the other. It seems clear that he expected neither the upswing of output and employment which characterized the later twenties nor the collapse of 1929-1933. In this view, the absentee owners were perfectly satisfied with the *status quo*, and there was little that the underlying population could do about its condition except revolt.

Veblen was obviously wrong about these crucially important issues, and the reason lies in a faulty theory of the overall functioning of the monopolized economy. But this is no reason for professional economists (or anyone else for that matter) to feel smugly superior. It is true that Veblen didn't solve all the problems he posed, and often even didn't pose problems clearly and satisfactorily. But rather than carping at him, his critics would be well advised to set them-

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selves the aim of doing better. What is needed now is a comprehensive and logically adequate theory which will coordinate and integrate all the basic elements and trends dealt with by Veblen in these two seminal books—the tendency to depression, the rise of monopoly, the growth of private and public waste, the triumph of salesmanship, the interrelation between business enterprise and imperio-militarist politics. Whoever seriously undertakes the task will find more inspiration and guidance in *Business Enterprise* and *Absentee Ownership* than in all the rest of American social science put together.

### THE NATURE OF PEACE

BY WILLIAM APPLEMAN WILLIAMS

In the study of foreign relations, Thorstein Veblen asked the key questions, put his finger on a good many of the answers, and offered several illuminating hypotheses and predictions. All of his writings deal with foreign affairs in the sense that he understood that domestic and foreign policy are the two sides of the same coin; but the bulk of his work on international affairs *per se* can be found in the volume, *An Inquiry Into the Nature of Peace and the Terms of Its Perpetuation*, and in the later articles printed as *Essays in Our Changing Order*. A weekend with these two books will help anyone cut through the cant of Monday morning's headlines and unravel the circumlocutions of the nation's TV, radio, and newspaper commentators.

Veblen's central proposition is that foreign policy is intimately connected with domestic policy. He does not discount the interaction between foreign policies, or the reverse relationship between foreign policy and domestic policy; but neither does he make the basic error of trying to analyze and understand the foreign policy of one nation in terms of a simple reaction to outside stimuli. It is a response, to be sure, but one defined and limited by the structure of domestic society. And in an era when most discussion of foreign affairs proceeds from the assumption that everything would be rosy were it not for the Reds, it is perhaps wise to stress this aspect of Veblen's approach to foreign policy.

He was quite aware that this interrelationship between foreign and domestic policies, and the parallel interaction between foreign policies, poses an extremely complicated problem of analysis, interpretation, and recommendation. Hence his approach in *The Nature of Peace* is to abstract the dependent and irrelevant aspects of foreign policy in order to concentrate on the key determinants. Thus he discounts public opinion on the ground that popular pressure for a war to which leaders yield is "somewhat sedulously 'mobilized' with a view to such yielding and such a breach" of the peace. He argues that such repeated manipulation is possible on the basis of an appeal to patriotism, which "appears to be an enduring trait of human nature."

Contrary to some of his critics, this proposition does not trap Veblen, because he maintains that the urge for peace—or the desire to be let alone—is the natural opposite of patriotism. (It may be worthwhile to point out that this urge for peace is Veblen's more famous "instinct for workmanship" applied to foreign affairs.) Veblen's abstract proposals to secure peace stem from these two basic attitudes. Patriotism could bring peace if it were hitched to a policy of unconditional surrender adopted by a nation strong enough to impose its will and its way on the world. Cultivating one's own garden, on the other hand, would lead to peace by submission or unconditional surrender in advance. Veblen's choice was unequivocal: "a peace of non-resistance, under good or evil auspices, is more to be desired than imperial domination."

He was aware, of course, that neither extreme was possible in the early years of the twentieth century. Technology had given the offense a fundamental advantage over the defense, and this meant that world empire was a contradiction in terms. For, as he saw, "the Imperial aim is not a passing act of pillage, but a permanent usufruct"; and mutual devastation rules out any such gain. He did not say that the attempt might not be made—he merely said that it could not succeed. As for non-resistance to the point of unconditional surrender (which is not *passive* resistance, be it noted), he quite understood that neither the populace nor the leaders of any nation capable of waging modern war would tolerate such a policy at this stage of human development.

Thus Veblen's logic confronted him with the crucial question of our time: How is it possible to avoid, in an age of revolution, a succession of major wars which would, given the accelerated advance of technology, culminate in catastrophe? He first dealt with this problem during the crisis of American entry into World War I, and in the context of President Woodrow Wilson's proposals to secure peace via the Fourteen Points and a League of Nations. Arguing that

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Great Britain and the United States were *status quo* powers structured along the lines of mid-Victorian liberalism, whereas Germany and Japan were dynastic states bent upon disrupting that order, he concluded that an Anglo-American victory improved the chances for peace.

Some critics, pointing to the imperial expansion of England and America, have asserted that this interpretation proves nothing but Veblen's patriotic (if not class) bias, or bares one of his intellectual blind spots. Such attacks beg three crucial points: (1) the date and context of his analysis, (2) the validity of his conclusions about the structure of the societies in question, and (3) the conditions he specified as necessary if peace was to follow an Anglo-American victory.

Veblen's central argument concerned such conditions, and he specified four policies to transform military victory into an era of peace. First, the complete defeat of the German and Japanese governments (here he accurately defined Japan as a dynastic state, in fact fighting against the Allies in Asia though formally aligned with them in Europe). Second, fundamental and revolutionary changes in the structure of German and Japanese society. Third, the triumph in America—and in the mind of Wilson himself—of the liberal side of mid-Victorian democracy over its imperialistic nature. And fourth, a program for the cooperative and balanced development of non-industrialized areas.

Veblen realized very quickly that these conditions were not being fulfilled. He grasped immediately the importance of the Bolshevik Revolution, and rapidly perceived that Wilson was emphasizing the imperialistic over the democratic side of mid-Victorian society. In this latter connection, he also understood the full significance of the crucial point that mid-Victorian imperialism was basically non-colonial. He recognized, that is to say, the full meaning of the fact that the form of imperial expansion had shifted from the emigration of people to the emigration of capital and technology. The result, in Veblen's terms, was the rapid development of "Absentee Ownership" and administration in foreign affairs as well as in domestic society. Seventeenth and eighteenth century colonialism had become technologically unnecessary as well as ideologically embarrassing and politically risky. This meant that old-fashioned radical or liberal anti-colonialism was no longer relevant to the political economy of an advanced industrial nation.

Veblen began immediately to reappraise the problem of peace and war in the light of these insights. In 1917, he had seen Wilson's League Covenant "conceived in the spirit of mid-Victorian liberalism"; and for that reason had felt that the League could serve as



an instrument to avoid the costs—social and political, as well as economic—of the “headlong ‘Development’” of under-developed areas by the old imperial techniques. By 1919, however, he realized that two occurrences had combined to emphasize the imperialistic side of Wilson’s mid-Victorianism. Thus the League Covenant had become “a political document, an instrument of *Realpolitik*, created in the image of nineteenth century imperialism,” bringing “to a focus the best and highest traditions of commercialized nationalism.”

One cause of this change was the maturation of industrial capitalism in America. The other was the Bolshevik Revolution. They came together, as Veblen pointed out in his brilliant critique of John Maynard Keynes’ interpretation of President Wilson, in the president’s shift from the Fourteen Points to armed intervention in Russia. Veblen understood that while both American conservatives and American liberals were basically anti-colonial, they both were also pro-imperial in the sense of advocating and promoting the extension of America’s empire of Absentee Ownership throughout the world. Hence they were fundamentally bipartisan on foreign affairs.

This explains, for example, why all the sound and the fury of the Anti-Imperialists of the Spanish-American War era effected no policy changes. William Jennings Bryan and Henry Cabot Lodge suddenly realized (with considerable chagrin on both sides) that they agreed on essentials. Thus the only issues in the realm of foreign affairs concerned the means to implement the new expansion, the priority of the areas to be penetrated, and the political question of who was to run the show. Later, in 1918, this bipartisan approval of the empire of Absentee Ownership became a bipartisan opposition to Bolshevism because at bottom it stood for “the disallowance of Absentee Ownership” and, whatever its precise form, “always denotes a revolutionary movement of such a kind as to displace the established economic scheme of things.”

Veblen concluded, therefore, that the existing industrial powers had “come to face a fateful choice between Bolshevism and war.” (And how that insight of 1919 calls up the images of Munich in 1938 and Geneva in 1954!) This analysis forced him to confront the central problem of whether or not the new imperialism of Absentee Ownership integrates all parts of a society in support of such expansion. Or, as socialists usually pose the issue: does twentieth century imperialism provide enough rewards to satisfy all segments of labor for an indefinite time, or merely enough to appease certain portions of labor (in particular, the leaders and the highly skilled) for a short period?

His early answer (1916-1917) was superficially unequivocal: modern Absentee Ownership in foreign affairs “signifies nothing more

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to the common man than an increased bill of governmental expense and a probable increase in the cost of living." Even at that time, however, he was aware of the difficulties in supporting such an hypothesis. He contradicted himself, for example, when he noted that British expansion benefited "capitalists of high and low degree." Cutting the small operator in on foreign expansion (directly or indirectly) made vigorous empire men of earlier "Little Englanders." And, as his use of the word *probable* indicates, Veblen was aware that the inflationary aspects of empire economics often ease the immediate and intermediate difficulties of poorer citizens at home—especially if credit policy is manipulated to postpone the day of reckoning. In this connection, some subversive student might undertake a trial balance of the extent to which the Bolsheviks in Russia served to improve the relative and absolute standard of living in America. Certainly Veblen would have relished it as a subject for a PhD dissertation.

Even before the Bolshevik Revolution, however, Veblen was troubled by the weaknesses of his thesis that expansion offered no benefits to the common man. He sensed the consequences of what he termed a "gentlemen's government," defined as rule by the more urbane and intelligent friends of the *status quo* who no longer found it necessary to engage in the day-by-day drudgery of money-grubbing. His penetrating insight into the fact that Wilsonian Liberalism was the first flowering of this phenomenon in twentieth-century America (Theodore Roosevelt's Square Deal was the seed) makes it much easier for later students to understand the "radicalism" of Americans for Democratic Action and the liberalism of New Republicanism.

Veblen recognized, of course, that such a "gentlemen's government" could "escape death by inanition only in so far as it serves the material interest of its class." But he also realized that two things made this much easier than some of his critics have assumed. Expansion underwrote such strength, and here the foreign policies (and the personalities) of the Fair Deal provide an apt illustration. Equally important was the rise, with the advance of industrial technology, of "something of a 'substantial middle class,' dependent on the wealthy and on their expenditure of wealth, but presumably imbued with the Victorian middle class illusion that they are of some account in their own right." For such a middle class tends to support the "gentlemen" against the Robber Barons and against labor.

Hence Veblen is left with the problem of determining what—if any—circumstances will afford this substantial middle class an opportunity to realize that its economic and political power, and its social significance, have but little correspondence with its mid-Victorian illusions. He concluded that the key was "the installation

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of peace at large." This would force any government sustained by Absentee Ownership, whether or not managed by gentlemen, to solve the basic problems of political economy without recourse to war. Veblen doubted that such a government could do so, and so concluded that a radical reconstruction of society would ensue.

It is easy to point out that this is no answer because it says nothing programmatic about establishing peace. But Veblen supplied a direct and an indirect answer to that question. Explicitly, he argued that the very expansion of industrialism by the exponents of Absentee Ownership would ultimately confront them with opponents too strong to fight. Implicitly, moreover, his emphasis on the supremacy of the military offensive due to advances in technology has proven valid in terms of the present nuclear stalemate.

But it is neither very relevant nor rewarding to get bogged down in a washroom argument over the degree to which Veblen answered all the crucial questions and prophesied all the future. It is enough to be grateful to him for making it so clear why the gentlemen so drag their feet on the road to unrestricted world trade and disarmament. For as Veblen saw, and as the State Department so recently and so engagingly acknowledged, this would assist the industrialization of China. And that would mark the true beginning of the end for Absentee Ownership—even by gentlemen.

## THE HIGHER LEARNING IN AMERICA

BY H. H. WILSON

To some degree, Thorstein Veblen's *The Higher Learning in America: A Memorandum on the Conduct of Universities by Business Men* is an expression of nostalgic yearning for a romantic past. In his terms, "the university is a corporation of learning, disinterested and dispassionate. . . . It is, indeed, the one great institution of modern times that works to no ulterior end and is controlled by no consideration of expediency beyond its own work."

Certainly never in American society, before or after the rise of business dominance and the prevalence of pecuniary standards, did Veblen's ideal university exist. With this reservation, however, one may read *The Higher Learning* today for the brilliant satire it

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was when published in 1918. Like all great satire, the truth it contains survives the passage of time.

Veblen, drawing on his own academic experience at Chicago, Stanford, Missouri, may not have written what Charles A. Beard, reviewing the book in *The Dial* soon after its publication, characterized as "a purely detached and scientific study," but no subsequent soberly factual work seriously modifies Veblen's mordant portrayal. If one accepts his use of the expression "rule by businessmen" as shorthand for the permeation of every institution in the society by the goals, values, and purposes of capitalism, it is difficult to refute his general thesis. It would seem to take a contemporary social scientist like David Riesman—in his introduction to the most recent printing of the book—to believe that the businessmen were succumbing to the universities even during Veblen's lifetime.

Veblen maintained that in all societies there is a body of esoteric knowledge which is in the keeping of specialists who, historically, have been variously termed—scientist, scholar, savant, clerk, priest, shaman, medicineman. In the modern world, the "higher learning" constitutes this body of knowledge, and university faculties are its guardians. "This is so because this profitless quest of knowledge has come to be the highest and ulterior aim of modern culture." Therefore the sole function of the university is the pursuit of knowledge, the practice of idle curiosity, "a disinterested proclivity to gain a knowledge of things and to reduce this knowledge to a comprehensible system."

Given this premise, Veblen sharply differentiates the university function from that of the school or college. Teaching thus "belongs in the university only because and in so far as it incites and facilitates the university man's work of inquiry." Though criticized by some for denigrating the importance of teaching, Veblen actually wrote "that teaching, as a concomitant of investigation, is distinctly advantageous to the investigator." However, he did insist that it should be teaching that can be combined with the work of inquiry and for training another generation of scholars for the pursuit of knowledge. Training for any other purpose should be done elsewhere, just as work "that has a commercial value does not belong in the university," and only those students seriously interested in a life of scholarship should come up to the university.

Neither did Veblen deny the importance of lower schools, "designed to fit the incoming generation for civil life," for "citizenship is a larger and more substantial category than scholarship." However, the university must not be "charged with extraneous duties," it should assume "no responsibility for its students' fortunes in the moral, religious, pecuniary, domestic, or hygienic respect." In pur-

suance of the "higher learning," it is essential that "within the university precincts any aim or interest other than those of irresponsible science and scholarship—pursuit of matter-of-fact knowledge—are to be rated as interlopers." That this ideal has not been achieved is due, according to Veblen, to the acceptance of pecuniary standards. Despite the persistence of the ideal, a persistence which is due to the instinct of workmanship and the prevalence of idle curiosity, "the dominant practical interests" govern academic policy. That businessmen replaced the clergy on university governing boards appears to be "an unreflecting deferential concession to the usages of corporate organization and control."

This development has wrenched the university off its true course, for the higher learning is incompatible with the business "spirit of quietism, caution, compromise, collusion, and chicanery." Characteristically, Veblen distinguished between business and productive technology. In fact, "the higher learning and the spirit of scientific inquiry have much in common with modern industry and its technological discipline." However, in practice businessmen "hold the plenary discretion" and "business principles guide them in their management of the affairs of the higher learning; and such must continue to be the case so long as the community's workday material interests continue to be organized on a basis of business enterprise." There is no possibility of correcting "this state of academic affairs so long as the institutional ground of the perversion remains intact. Its institutional ground is the current system of private ownership."

In every society there is a tendency for educational institutions to become primarily a device for bolstering the *status quo*, for providing the rationalizations which justify ends selected by those wielding dominant power. Thus in commenting on "The Stake of Business in American Higher Education," the chairman of the board of directors of the Standard Oil of New Jersey quite recently emphasized in a pamphlet entitled *The Stake of Business in American Education*, that "Markets are people. There is impressive evidence to show that the earning power and therefore the purchasing power, of people tends to be geared to their level of education. . . . Education sharpens the desire of the individual for commodities such as books, newspapers, automobiles, better houses, and even the kind of food he eats. Statistical studies show a definite correlation between educational level, earning power, and the consumption of all commodities." Presumably Veblen would have considered this a defense of the college as a place for providing "a grounding in those methods of conspicuous consumption that should engage the thought and energies of a well-to-do man of the world."

Almost inevitably, universities as well as schools reflect the values

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and the practices of the prevailing culture. In particular they come to represent, to inculcate values, to stress the skills deemed important by the dominant class and the dominant institutions. "In the modern community," observed Veblen, "under the strain of the price system and the necessities of competitive earning and spending, many men and women are driven by an habitual bias in favour of a higher 'practical' efficiency in all matters of education; that is to say, a more single-minded devotion to the needs of earning and spending."

In part the conservative role of the university derives from one of the functions of education, which is to pass on the cultural heritage of mankind, and it is re-enforced by the dependent position of educational institutions. It is no new thing for universities to be dependent upon patrons, public or private, who provide the essential financial support. Apparently, for a relatively brief period in the 13th century, when universities were guilds of scholars and not burdened by collections of elaborate real estate, there was a relatively high degree of independence from the pressures of society. Patrons there were, cities and the Church, but the very poverty of the university gave it freedom. When denied the privilege needed for the pursuit of learning, faculty and students simply migrated. Furthermore, as Richard Hofstadter points out, the universities were able to play off competing power groups in the society to their own advantage: "At the time of their greatest independence the universities lived in the interstices of medieval society, taking advantage of its decentralization and the balance of its conflicting powers to further their own corporate interests." (*The Development of Academic Freedom in the United States*, p. 7.)

Never since this early period in their history have universities and the higher learning been independent in any country. There is no basis for anticipating a return to such a scholar's utopia. If it were possible there is no reason to believe it would prove an unmixed blessing. Learning, whatever it may have been in the past, can no longer be the exclusive concern of scholars, nor can it play a passive role. "Far from being content merely to accept the problems society suggests to it," writes C. H. Waddington, "it finds that it must pose problems to society." (*The Scientific Attitude*, p. 35.) What is essential is that the university should have a considerable degree of autonomy, without isolation from the community. There must be maintained a delicate line between the simple reflection of immediate needs and attitudes and the creative function of the university. To isolate scholars must result in intellectual sterility and inhibit the growth of science. There would be no reason for society to support such an institution. Furthermore, experience suggests that in many areas of learning deliberate purpose may actually stimulate progress.

## THE HIGHER LEARNING IN AMERICA

It is difficult to dispute Hastings Rashdall's conclusion that "the history of education is indeed a somewhat melancholy record of mis-directed energy, stupid routine, and narrow one-sidedness." (*The Universities of Europe in the Middle Ages*, Vol. 2, p. 705.) Probably such an observation might apply to almost any man-made institution. It arouses concern only for those which fail to live up to a lofty ideal which is essential to their function. Thus Veblen observes that "learning is, in the nature of things, not a competitive business and can make no use of finesse, diplomatic equivocation and tactful regard for popular prejudices, such as are of the essence of the case in competitive business." In analyzing the situation today, one is less inclined to focus on the control of universities by businessmen trustees, or to attack presidents—"captains of erudition"—as merely tools of the trustees. This is not to deny the facts of control, for at the Industry-College Conference in November 1953, the results of a survey revealed the common pattern. Thus 20 percent of the reporting college presidents are members of one or more boards of directors; 40 percent of the colleges participate with industry in work-study programs; 50 percent of the industrialists were members of one or more college boards of trustees; and 65 percent of the companies support college research programs.

More important, however, is the fact that the movement toward an ordered, collectivized technological society re-enforces and intensifies the pressures on universities to become totally integrated into the productive and the state apparatus. This would appear to be the case quite apart from the prevailing form of ownership, though there will be differences in emphasis which may derive from the form of control. Dependent financially, faced by tremendously inflated costs of research and teaching, the university turns to government, foundations, and corporations for funds. Obviously this enhances the possibility that "practical" men will determine, or influence, the work of the university. Thus T. V. Houser, the chairman of the board of directors of Sears, Roebuck & Company, writes: "The businessman feels he has a right to expect that educators will share his belief in the fundamental social institutions of this country—that they will recognize that free enterprise and free inquiry are both part of a larger freedom and that freedom is indivisible."

Colleges and universities are now dependent on government funds for some 60 to 70 percent of their research support, a condition of dependency which obviously may become unwholesome. This has meant that a considerable part of all research activity is for military purposes—84 percent in 1957. Furthermore, this support is largely (about 90-10) directed to applied research and development rather than to basic science. It has also led to the disproportionate growth



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of the physical sciences as compared with biological and social sciences. In 1954, Federal funds were allocated as follows: physical sciences, 87 percent; biological sciences, 11 percent; social sciences, 2 percent. One result reported by a committee of American scientists is that "we sometimes find ourselves embarking on new ventures, based upon advances in chemistry and physics, before we are adequately informed about their consequences on life, or on social processes." In addition, as Professor Arnold M. Rose has recently commented, "It seems probable that the activities of social scientists are increasingly being restricted by the power holders as the implications of social science become more apparent to the power holders and as social scientists become more dependent on funds for research." (*The British Journal of Sociology*, March 1956, p. 17.) This dependence may also, as Walter Gellhorn points out, bring "into the university the same security apparatus that is operative in laboratories like those at Los Alamos or Oak Ridge." (*Security, Loyalty and Science*, p. 177.) This has led Harvard's Dean McGeorge Bundy to warn that the "essential atmosphere of a university can easily be contaminated . . . by classified research contracts." (*Harvard Alumni Bulletin*, April 9, 1955.) Not only do they adversely affect a professor's relation with his colleagues and students, but acceptance may mean that the university surrenders its selection of personnel to an outside agency "whose standards and purposes are not the same as ours."

In the presence of these contemporary developments, Veblen's assertion that "all that is required is the abolition of the academic executive and of the governing board," while admittedly heroic, is bound to prove inadequate, probably undesirable, and certainly unattainable. To be sanguine one must rather hope that within the university structure there will continue to survive "a working minority . . . made up of men without much business proficiency and without pronounced loyalty to commercial principles." In positive terms they must be scholars and teachers who understand with the great medical historian Dr. Henry Sigerist, that "intelligent action requires educated people and knowledge that is the result of research. Our universities, therefore, still have an extremely important part to play. They have failed in many respects and are threatened with destruction from many sides. Fearless analysis and bold new departures are needed, if we wish to save the university and to make it the nervous system of the nation that perceives developments and trends, thinks, and from which impulses for intelligent action arise. It is the duty of all those of us who are responsible members of universities to atone for past failures by working toward that end."



# WORLD EVENTS

*By Scott Nearing*

## **Restless Asia**

"Asia" is the name given by Westerners to the planet's central land mass. Asia has two peninsulas—one thrusts west and is called Europe; the other jutting south is Africa. More than half of the human race lives in Asia. Four-fifths live in Eur-Asia-Africa.

Throughout the period of written history, traders, travelers, migrants and conquerors have moved about Eur-Asia-Africa. Until five hundred years ago the human tide was flowing from Asia and Africa into Europe. Then it reversed itself and began flowing from Europe into Africa, Asia, the Americas, and the islands of the Pacific. During these five centuries, Europeans traded, traveled, invaded, occupied, colonized, and exploited the planet.

Recently the human tide has turned again. First the Americas, then Asia, and now Africa began to expel or subordinate and assimilate the Europeans and determine their own way of life. Latterly, the seven percent of mankind living in the United States have begun trading, traveling, invading, occupying, colonizing, and exploiting the remainder of the earth.

Human beings generally welcome traders and travelers under a planet-wide code of hospitality. They fight bitterly against invasion, hate occupiers and occupation, abhor colonization, and revolt against exploitation. Today, United States citizens—as the world's chief traders, travelers, invaders, occupiers, colonizers, and exploiters—have become world guests when they confine themselves to trade and travel; but as invaders, occupiers, colonizers, and exploiters they have become the objects of world resentment, antagonism, and hostility. These feelings are grouped together as "anti-Americanism."

We are writing this thumbnail summary on history and human relations for the benefit of Congressmen and State Department and Defense Department officials who were startled, shocked, and embittered during the last week of May, 1957, when a Tapei mob, estimated at twenty thousand or more, sacked the United States Embassy, pulled down the United States flag and tore it to shreds, and wrecked the premises of the United States Information Services.

The mob was brought under control after hours of rioting, when martial law was declared and the city of Tapei was taken over by three divisions of the Taiwan army.

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What was the cause of this explosion of human passion? A member of the United States armed forces had shot and killed a Taiwan citizen who, he charges, was watching his wife as she took a shower. A United States Army court acquitted the killer. The wife of the murdered man went to the United States Embassy to protest. A crowd gathered, stones were thrown at the windows, and the riot was on.

Newspapers which discussed the incident noted that members of the United States armed forces are now located in 72 countries. These men in United States uniforms are armed with everything from service revolvers to atom bombs. If they are careless and trigger-happy, or if they have too much to drink or have a quarrel with a "native," or if they think their women folk have been insulted, they draw and shoot. Fifty years ago a Westerner could beat up or kill an Asian or African without serious consequences to himself or his embassy. Today, as we learned during our recent journey through Asia, "The Embassy" means the United States Embassy—the Embassy of The Western Enemy, which is feared, hated, and at the first opportunity destroyed, because in Asia especially, it has become the symbol of Western invaders, occupiers, colonizers, and exploiters.

Let's face it, Congressmen and State Department personnel. We are no longer living in the heyday of colonialism, when Westerners could with impunity suck super-profits from the life-blood of Asians and Africans. Today, Asians and Africans are throwing off the fetters of an imperialism-colonialism that has galled them for generations. They are determined to have done with it. This is equally true of "enemy" China, "near-subversive" India and Egypt, and "friendly" Taiwan and Japan.

Riots in Taiwan are a passing episode in a tiny country of nine million people. They are also a timely warning of what lies ahead. If Washington officials and their backers and the people of the United States want to avoid the kind of "trouble" that Britain had in India and that France had in Indo-China, they will do well to learn the lessons of the Taiwan riots and stop invading, occupying, colonizing, and exploiting beyond their own frontiers.

### Justice Douglas Agrees

William O. Douglas, Supreme Court Justice, addressed a youth conference in Asilomar, California, on February 23, 1957. The conference was held under the auspices of the American Friends Service Committee.

As reported in the *Monterey Peninsula Herald* of February 25th, Justice Douglas told five hundred young people that there are four

major forces driving Asians today: (1) The struggle against feudalism-colonialism. (2) The desire for political independence and cultural self-determination. (3) The trend toward socialism. (4) The fierce desire of Asians for equality.

Russian books, printed in local languages, said Douglas, are to be found in bookstores all over Asia, but "the Asians did not have a single American handbook on how to run a revolution." When the Asians were your age, he told his audience, "they were steeping themselves in Karl Marx' teachings on revolution." Today, these young people of twenty years ago are shaping Asian policy toward a modified socialism.

United States policy makers refuse to let newspaper men go to China, Justice Douglas said, "even though what is going on inside Red China is probably the most important thing Americans should know today."

America's only chance to regain prestige in Asia, Justice Douglas added, "is not to try to remake the world in the image of America, but to convince Asians we want them to build Asia their own way."

Justice Douglas bases his opinions on wide personal contact with Asia and Asians. He clashes sharply with State Department and White House policy in the Middle East and Far East. We have been insisting that the Dulles-Eisenhower approach to Asia was heading the nation toward disaster. We are glad to find a highly-placed American who holds a similar opinion.

### An Economy Off Balance

*Wall Street Journal* editors and special writers usually recognize a juicy news morsel when they see one. The May 23rd New York edition of the *Journal* carried a front page right-hand column article headlined "Appliance Strategy. Makers Set Feverish Ad and Promotion Pace to Spur Sagging Sales." The story begins with an account of a special sales stunt put on in South Bend, Indiana. After much fanfare, a crowd of 400 people was assembled at the South Bend airport to welcome an American Airlines DC-4 plane. When the plane landed and the door was swung open, the waiting crowd saw a cargo of fifty bright, shiny General Electric automatic clothes washers. The South Bend dealer to whom the washers were consigned had a sales stall ready at the edge of the airfield, and within the next three hours had sold twenty of the washers to members of the crowd.

This extraordinary promotion stunt, notes the *Journal*, is but one example of "the feverish merchandising activity going on in the home appliance industry as manufacturers strive to reverse sagging

sales of their products. (Frigidaire Division of General Motors yesterday announced it will lay off 2,200 workers at the end of this month as a result of reduced sales in the appliance industry.)"

The *Journal* story continues: "Westinghouse Electric, for example, dangles airplanes, mink coats, sports cars and even yachts before dealer's salesmen as prizes to spur them on to greater efforts. Do you have some old clothesline or clothespins around the house? Norge will pay \$1 a foot for the line or \$1 a pin (limit \$30) when applied to the purchase of a new clothes dryer. Advertising campaigns will reach a new fury this summer."

Recently we looked at a Bert Brecht phonograph record in a small Maine shopping town. "We'll take this," we said, and started to pull out the money. "It's free," said the salesman, "if you buy another record." So we bought a Heifitz record at the going price and the Brecht record was thrown in.

According to the *Wall Street Journal* story, quoted above, such high-priced merchandising schemes are being put on all over the country, because "business for most appliance producers so far this year has been downright disappointing."

What is the cause of this hullabaloo, or, as the *Journal* writer calls it, "this Operation Bing Bong"? Does not the United States have the highest standard of living on earth? Certainly it does. That is just the point. People in the United States have washing machines, frigidares, and phonograph records in abundance. They have all they want and more than most of them need, so why should they buy more?

Why should they buy? Because the United States economy is geared so that it must continue to expand. If it fails to expand, who will buy the goods turned out by the new capital equipment in which businessmen invested some \$38 billion during 1956 alone?

India will not buy the new output because the Indians are busy building a huge capital plant of their own. In order to finance it they are at present on an austerity program which limits imports and consumption. China cannot buy the new output because the Washington government has clamped a boycott on all United States exports to China.

Foreigners will not buy the new output largely because they cannot. It cannot be sold at home because the home market is flooded and glutted with goods of every description, from butter and eggs to tractors, combines, passenger cars, television sets, and washing machines. The home market was already flooded with appliances in 1955, before the 1956 investment of \$38 billion in new productive capacity increased the flood.

What then? Can nothing save us? Not if our economic salvation depends upon the profitable investment of the 1956 difference of \$146 billion between the \$266 billion of personal consumer spending and \$412 billion of gross national product (see the current *Federal Reserve Monthly Bulletin*). If our salvation depends, not upon new capital investment, but upon increased government spending (chiefly for military bric-a-brac), a "real good war" would decrease the glut temporarily, as it did during the Korean War of 1950-1953. But such a war would also boost prices, increase taxes, and raise the debt level, as it did in 1950-1953.

What is left? The answer is: produce for use, not for profit, under a planned economy that would aim to keep production and consumption in balance, and thus remove the periodic glut, with its resulting unemployment, idle capital, and other economic dislocations. Once having established a planned, use economy, we could afford peace, because we would no longer be compelled to choose between glut with its resulting depression, and war with its wasteful and wicked destruction.

### Peace is Cheaper

After reading President Eisenhower's May 14th appeal for popular support of his new budget, with its \$45 billion for the armed services and his insistence that "there is no cut-rate price for security," we turned to the 1956 financial report of *Peace News*.

*Peace News* is a weekly, published at 3 Blackstock Road, London N 4, England, and may be had in the United States from the Literature Department, American Friends Service Committee, 130 Brattle St., Cambridge 38, Mass. So far as we know, it is the only weekly paper in English devoted to the promotion of peace. Its accounts are duly audited by Reynolds, Adams and Lake, of John Adam Street, Adelphi, London, WC1. Its expenses for 1956, in pounds sterling, were: salaries £4,423, telephone, postage, and office stationery, £1,258. Minor items brought the total to £7,402 (about \$20,000), receipts from the sale of *Peace News*, pamphlets, cards, and books, totalled £4,569, leaving deficit for the year of £2,871 (about \$8,000). The deficit was made up by contributions.

The contrast between war spending in billions and peace spending in thousands is striking and frightening. If we continue in the future, as during 1956, to spend thousands of times as much on military preparations as we spend on peace agitation, can there be serious doubt as to the outcome?

### A New Article of Export

Following our comment in these columns on the United Statesification of central and western Canada, a friend from across the northern frontier wrote: "One of our imports from our close neighbor, as well as from other countries of the world, is fear; and fear of being made to think is the latest in design and popularity."

That a country should be dominated by fear is a shame. That it should generate a surplus of fear is a disgrace. That it should export fear to its neighbors is a crime against mankind. This shame, this disgrace, this hideous crime must be charged against greedy, power-mad elements in the United States oligarchy who launched the Cold War in 1946 and have kept it going for the past eleven years.

### Will-o'-the-Wisp

Peace continues to be the most sought-after and the least attainable of all our social objectives. Obedient to the all-but-universal yearning for peace, the world's spokesmen, individually and collectively, declare their single-minded devotion to the establishment of a peaceful world. On the same day, with the next breath, they campaign for budgets in which the largest single item of expenditure is preparation for war.

Verbally, these poker-faced statesmen pray for peace and prepare, not for war, but for "defense." What is the nature of this defense? Deadly chemicals that will poison the water supply of towns and cities; bacteria that will spread pestilence; single bombs that will vaporize entire urban areas and render them uninhabitable for years to come; guided missiles that, at the pressing of a button, will rain destruction on populations thousands of miles away. Through the entire period of recorded history, no such implements of mass destruction have been conceived, let alone built. No one except a knave or a fool would refer to them as "defensive." They are the most deadly instruments of destruction and mass murder thus far designed.

Praying for peace and preparing for war is but one of the many glaring contradictions that split our personalities and divide our society—one aspect of the universal pattern of growth-decay, rise-decline, production-destruction, birth-death. It may be that our human nature, mother nature, and human society all face us with a series of choices, based on an either-or.

If such be the case, if our destiny compels us to live divided, and in a sense contradictory lives, our imagination, our reason, and our ingenuity should lead us to the conclusion that if praying for peace and preparing for war leads to war, praying for war and preparing for peace might lead us to our goal of a peaceful world.

(continued from inside front cover)

price of \$3.00 (as compared to the postpublication price of \$5.00). We need cash and you need this book. How about an order—now?

In this same connection, we are happy to be able to announce that we are planning publication in an early issue of an article on most recent developments in China by D. D. Kosambi who has visited China several times since the Revolution and has just returned from a several-months stay. Kosambi, a leading Indian scientist, is one of the truly remarkable men of our time. Professionally trained and active as a mathematician and statistician, Kosambi is also the head of the Indian Peace Committee and an archaeologist-historian whose latest book, *An Introduction to the Study of Indian History* (Popular Book Depot, Bombay 7, 1956), is already stimulating Orientalists to a fundamental review of concepts and methods in the field of early Indian history.

We printed between 9,000 and 10,000 copies of *The Empire of Oil* by Harvey O'Connor. The latest check of the inventory shows that we have fewer than three dozen copies left, and it seems an appropriate time to call attention to what has turned out to be a remarkable publishing venture. Not only has our American edition been sold all over the world, but at least six foreign editions have either already been published or are in the works. In addition to the British edition, these include the following translations: Spanish, German, Japanese, French, and Russian. Looking back, we can now see that it is all to the good that no commercial publisher would take the book: if one had, it is a safe bet that an edition of three thousand or so would have been run off and allowed to die from lack of promotion, and there might have been no foreign-language edition at all. The moral surely is that the outlook for socialist book publishing is by no means so bleak in the United States as it might appear to be. What is needed is good authors, a wise selection of titles, vigorous promotion—AND CAPITAL. We need more of all three, but what we need most just now is more capital. Can you help, either by buying more books, or by contributing cash, or by a loan (for which we will be glad to pay a reasonable rate of interest to be agreed upon)?

Our friends of the Unitarian Church in Los Angeles are engaged in a highly significant campaign against a California law which requires churches to sign a loyalty oath before being granted tax exemption. A round in the legal battle was lost when the California Supreme Court ruled adversely on April 25th by a vote of 4 to 3. We understand, however, that two dissenting opinions provide an excellent basis on which the case can be carried to the Supreme Court in Washington. The issues involved have far-reaching implications for the whole principle of separation of church and state, and everybody who believes in that principle should pitch in and help those who are leading the struggle. Help is needed, too, in a very tangible form. All MR readers who can do so are urged to send checks to Rev. Stephen Fritchman, First Unitarian Church, 2936 West Eighth Street, Los Angeles 5, California.

Please note that this is a double issue for both July and August. The next copy of MR you will receive will be the September issue. In the meantime enjoy your vacation.

P. S. Just as we were going to press news came that the *Sweezy* case had been won in the Supreme Court. Obviously we can't say anything useful about it until we have had a chance to read and study the opinions, but we do want to thank most warmly all of you who, by your financial assistance, made it possible for us to carry this case through to a victorious conclusion.

**Just Off the Press . . .**

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